

MONEY IN EXPORTS

By

WALTER BUCHLER

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After a number of years trading in the Far East, Mr. Walter Buchler has travelled the world inquiring into trade conditions. The results of his researches, which have already appeared in various important commercial and technical journals in Britain, the Empire and the United States of America, are now published in collected and enlarged form.

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Section A: EUROPE

WAR-TIME NOTE.—When this book appears, a large part of Europe will probably still be the scene of hostilities or in enemy occupation, hence outside the sphere of normal trade. The simplest course to adopt would have been to omit the peace-time information about these countries; but in the firm conviction that justice and liberty will triumph, bringing back normal conditions, the writer has disregarded the war as a purely temporary interlude.

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BELGIUM

BELGIUM has more inhabitants to the square mile than any country outside Asia. Every scrap of land that can be made fertile is cultivated, much of it intensively, and in addition, textile and heavy industries have been developed, based on the richest European coal-fields next to England's, as well as deposits of iron, lead and zinc, supplemented by the output of her African possessions. The mines of Britain, Germany, France and Sweden also supply Belgian factories with their raw materials, while meat, leather, timber, grain and cellulose are other imports from Europe and overseas. Thus, Belgium greatly resembles Germany, on a smaller scale and with greater extremes, in having both primary and manufacturing industries very highly developed, and in a partial dependence on imports for food and raw materials.

Nationally, the inhabitants fall into two races: there are about 4,250,000 Walloons, whose principal language is French, and 3,500,000 Flemish, whose language resembles Dutch. This position has been analysed thus:

43% speak Flemish exclusively or mainly.

34% „ French

56% „ both, and 10% speak German in addition to both or either.

Having a large exportable surplus of some foods and many industrial products, as well as the trading counter of her superfluous colonial produce, Belgium has a world

purchasing power which is well worthy of consideration by any firm seeking a market for its goods abroad. But this market is far from being the easiest in the world to break into and cultivate. It has its many traditions and idiosyncrasies which must receive meticulous consideration if one wishes to be successful in business transactions with her people.

Selling and advertising in Belgium differ in many respects from those practices in other countries. National feeling plays a greater part in the attitude of the commercial community than elsewhere, and should the official policy towards an exporting country become unfavourable, the opportunities for the sale of its products would almost immediately diminish in proportion, if not disappear altogether, until friendship and goodwill were re-established between the respective foreign ministries.

It is very important that the representative of a foreign firm be a Belgian, for Belgians, high or low, prefer to buy from their own countrymen, feeling that they can repose more confidence in them than in foreigners. There is insufficient animus between Flemish and Walloons to make a neutral foreigner preferable to either of the opposite communities. Moreover, the average retailer operates in a small way and is far removed from the mentality of the average business man, who is usually internationally minded. There are not many foreign firms established in Belgium, and the few there are, work under Belgian company names and engage natives to represent them.

Whether importer, factor, shopkeeper or consumer, the Belgian is by no means conservative, being ever ready to consider a new and better article, if offered in the right way by the right person. The principal consideration is to be on friendly terms with him, and the successful salesman maintains intimate relations with his customers.

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Quite frequently he will be invited to dine at the family table, and he reciprocates to his host *and family* at local places of entertainment. His advice on business and domestic matters will be asked and followed, and the conversation will be concerned with politics and other matters of general interest as much, if not more than, the business at issue.

The standard of commercial morality is among the highest in the world. Payment is usually effected by bills, mostly at thirty days' date, sent for collection through a bank. Longer credit may be granted, up to ninety days, but monthly terms are the standard and must be assumed as in force unless anything is said to the contrary. Claims for allowances off the agreed price are of rare occurrence, and Belgian commercial law prescribes that when an order has been given and executed, the recipient of the goods is estopped from disputing the correctness of the delivery unless he makes his claim within three days of their arrival. The Belgian is not of a litigious character, and commercial disputes are more the exception than the rule.

Belgium takes from abroad a great quantity of merchandise at all stages of manufacture, but the Government makes every effort to encourage the importation of bulk and semi-processed goods, which then receive their final packing or conversion in the country of consumption, the purpose obviously being to provide as much work for Belgians as possible. The means to this end are lower import duties on unfinished goods in bulk than on completely manufactured articles, and the same applies to the excise tax imposed in addition to the duty. This ranges from 5% on the amount of the invoice to 9% for what are classed as luxury goods. On bulk importations, the duty is payable on the cost price. According to the nature of the articles, the tax ranges from $2\frac{1}{2}\%$ to 5%.

Belgium is divided into nine provinces altogether, but Brussels, Antwerp and Ghent are the commercial centres, and the whole territory can be handled with the capital as the sole commercial headquarters. It is also the most important trading city, having about a million inhabitants; next in importance comes Antwerp, the principal port, with a population of little over half a million.

Correspondence with Belgian importers can be carried on in French or English, though merchants strongly prefer French. Still, even if the head of a business is not a linguist, there is usually someone on the staff who can make out the most intricate English letter.

French, however, is the premier language when it comes to the work of commercial travellers, if distribution is to be organised successfully. In Northern Belgium, the inhabitants mostly speak Flemish, French being the language of the south. Salesmen must be familiar with the tongue of their allotted district, and sometimes they know both. Not many firms in Belgium, however, have such a comprehensive selling organisation as would enable them to cover the whole country with a sales staff dealing with retailers direct. The average importer, with his medium-sized organisation, finds it easier to sell to regional factors, a method which obviates the need for bi-lingual travellers to call on shopkeepers and does not require a delivery system to be provided.

Advertising is as essential to successful marketing in Belgium as elsewhere. Practical benefit should be derived from the procedure adopted by the largest distributors and advertisers of chemical and pharmaceutical products, for it applies equally to most other imported lines.

The firm in question represents American and English manufacturers of such specialities as Ponds, Chesebrough, De Witt's Pills, Aspro, and others. Its staff of salesmen

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is divided into three sections: seven call only on drug-stores, three on grocers, three on perfumers, and about half a dozen on farmers in different parts of the country in order to create a demand for special manures and feeds. Every traveller is provided with a car of his own, enabling each customer to be visited at least once a month, and many of the more important or doubtful prospects every fortnight. Once or twice a month, the salesmen return to headquarters for a conference on the latest American model, plans and difficulties are discussed, and arrangements made for campaigns to increase sales. Window-display competitions are organised among customers and dealers are provided with showcards free of charge. The travellers carry supplies of samples and window-dressing materials, but all orders are executed direct from the office in Brussels. The firm employs five campaign supervisors, each of whom has under him two men to distribute booklets and free samples. The latter are greatly appreciated by the Belgian public, but they must be accompanied by literature in French and Flemish, giving full directions. It must be remembered that in Brussels, for instance, half the population is accustomed to reading French and the other half Flemish.

The packings of goods imported in bulk are exactly the same as those used in the country of origin, the only difference being the language in which explanations and directions are written. These may be printed locally, the standard of printing in Brussels being satisfactory for Belgian standards. Actually, work in any number of colours can be executed in Brussels.

The average Belgian is thoroughly "brand-minded," but should the foreign name be difficult for him to remember, it will be as well to change the brand to something he can easily pronounce, other details being left unchanged.

Once a name is established in Belgium, it counts for everything and will go on selling for a long time with inexpensive reminder campaigns. Thus, everything depends on initial advertising and packing.

Apart from the ubiquitous posters, the principal publicity media in Belgium are the newspapers and the distribution of leaflets through the post or by house-to-house canvass. In both methods, the appeal differs from the approach methods used in other countries. In the first place, to be most effective, press advertising must appear on the third or fourth page of the more important dailies published in Brussels, Antwerp, Ghent, Liége, etc. Inquiries in Belgium failed to elicit any plausible explanation for this, the reply invariably being that "it was just a habit of the Belgian's." The presentation, wording, argument and illustrations are also different here. For instance, it is claimed that when men or women are pictured in advertisements, the most successful way is to use actual likenesses of local inhabitants. The Belgian is sensitive, almost puritanical, so that négligée or suggestive wording will have no appeal. Such advertisements will, moreover, not be accepted by any reputable newspaper.

There are no really national papers in Belgium, every town having its own local organ which is almost exclusively patronised by the inhabitants of the surrounding district. Consequently, the circulation of Belgian papers is not very high, the largest one being that of a daily printed at Brussels, which sells about 70,000 in that city. Only a few of the principal journals circulate in the principal cities as well as the provinces, such combined circulations attaining a maximum of 200,000. For a publication to have its statistics audited by qualified accountants is the exception confined to one or two. There are three main political groups for which the various leader-writers have to cater;

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Catholic, Liberal and Socialist; and no one person in Belgium will read newspapers expounding all three views.

Press advertising in Belgium must be supported by the distribution of booklets or similar literature, and this must be of a high standard, printed in two or three colours, in order to be really effective. Compared with other countries, poster advertising has not made much headway in Belgium, perhaps because of the few conspicuous hoarding locations that are available in such a small country. Nevertheless, no tourist can have failed to notice the advertisements of Lever products and others distributed along the railway lines. House-to-house solicitation can be very effective when it is carefully planned and entrusted to suitable Belgian personnel.

Salesmanship through letters has not developed to any extent in Belgium. For this, two reasons may be suggested: firstly, business relationships have remained on a much more personal basis than elsewhere, and then, postage for letters is relatively expensive. What is cheap, on the other hand, is the distribution by the postal authorities of unaddressed printed matter on a large scale. Thus, a firm may decide to circularise a town with a population numbering, say, 80,000. As the average household numbers five, a prepaid order is given to the local postmaster, together with 16,000 or more sets of literature. These will be passed to the post office at the town in question, where they will be delivered at every postal address for a fee of five centimes each. If the supply is insufficient, the postmaster will apply for more, and if there are some over, they will be returned.

Window-display is also an effective way of drawing the Belgian public, and the standard of arrangement in the windows of retail stores is of a very high order, for the Belgians are artistic by nature. In Brussels, there are three

large departmental stores, two in Antwerp, and one in Liége. There are numerous chain-stores, but a law has recently been passed to restrict the articles that they may sell. The departmental stores are not, as a rule, cheaper than the individual shop, as their overheads are much higher than the average small retail store, while the latter also enjoys the advantage of the personal touch in business, so important a factor in Belgian trading.

Lest the ambitious programmes of mammoth firms should deter or discourage smaller potential exporters, it may be well to quote the example of a small speciality manufacturer, who was approached by a Belgian wholesale merchant for the sole selling agency of a line which had not met with any particular success in the United Kingdom owing to the small means available for advertising. The terms arranged were for the importer to buy outright at a price which still left a good profit on the primary cost. Advertising was to be done by the agent at the principal's expense, but with a limit calculated as a percentage on previous purchases. The connection has now existed for close on twenty years, during which the turnover has increased appreciably without making an inordinate fortune for either party. Still, it is evidence that Belgium is a market that, given the right approach, can be entered and held by all grades of undertakings, even those without enormous capital.

DENMARK

Denmark has neither mines nor steeply flowing rivers; her only resources are the industry and co-operation of her citizens and the fertility of her soil. Stripped of the coal and metal of Schleswig-Holstein in 1864, the Danes soon realised that the miners and machine tenders of other countries had no time to grow their own food. An early adoption of co-operative buying and marketing, as well as specialisation in scientific cultivation and dairy-farming, has given Denmark a foremost place in Europe's egg and milk products market that makes her citizens courted customers of every manufacturer and exporter with goods to place.

No unit of the modern comity of civilised nations can remain immune from the virus of industrialism or self-sufficiency, and so various attempts have been made at various times to introduce all sorts of manufacture in Denmark. This tendency was most acute at the height of the 1929 world slump, when the lowered demands of her customers for food caused Denmark to run short of foreign exchange with which to pay for the "modern conveniences" to which she had become accustomed. As a consequence, a system of import-licences was established, covering almost every class of goods, except a few items such as iron, buttons and horsehair, and anyone wishing to bring controlled goods into the country has to show that they do not exceed the quota. This quota is fixed on the basis of purchases from abroad in 1931, and imports

licensed are mostly one-third of the total brought in during that year. As agricultural produce finds a readier market, these figures are revised by the Danish Ministry of Economics, and even at the worst of times, the country is dependent on a minimum of imports for the amenities of civilisation.

Copenhagen is the centre of trade, and it is here that one will find the more important agents representing overseas firms of manufacturers and exporters. These representatives call on wholesale distributors, and in some cases, where an agent is in a larger way of business, he is a factor himself, buying some of his imports on his own account. He is then in a position to obtain his own licences and even to help his principal's customers to get theirs, though the process is not strictly legal. What he does is to import the goods in his own name and then treat them as an ordinary internal sale, without adding the usual wholesale profit. The agents in Copenhagen are almost all Danes, but the majority speak and write English nearly as well as the British merchant. The principal foreign languages, familiar to those concerned in foreign trade, are English, French and German, of which French is probably least widely known.

Another method of entering the Danish market is to get into touch, perhaps through one's own Chamber of Commerce, with British travellers, quite a number of whom make several tours annually throughout Scandinavia, carrying the samples of manufacturers interesting one class of customer. Once a connection has been established in this way, transactions could proceed direct between the two principals, or the traveller could be used to introduce new lines and suggest increased orders.

Lastly, most departmental stores like to get into direct touch with manufacturers of as many of their lines as

possible, and several of them even buy goods for re-sale to smaller up-country shops, possessing a wholesale organisation with a full staff of travellers. In order to get into touch with them, consult a Copenhagen directory and write them ordinary sales letters.

Would-be exporters to Denmark must be warned to avoid the error of considering Scandinavia as a uniform region when doing business with a national of one of the component countries. Just because of the basic similarity between these Nordic peoples, their differences are accentuated to such an extent that it is a positive disadvantage to operate in one of their countries with another as a base.

The terms of payment customary in Denmark depend on the type of article handled, but the most usual are thirty days sight draft. Open credits will often be asked for by a firm after you have done satisfactory business with it for a reasonable length of time, and they should be granted after due inquiry. Similar requests for an extension of the documentary bills to sixty or even ninety days should be met sympathetically. Mercantile honour is highly esteemed in Denmark, the majority of agents are long-established and thoroughly trustworthy, and the same may be said of the wholesale trade. As to the retail dealer, the average factor does not begin transactions with a store before obtaining information about its financial standing through one or other of the commercial information agencies. In more recent years, the larger stores have developed an important mail-order business with the Danish public, and this sometimes exceeds their counter-trade. In such transactions, the giving of credit by way of instalments is much rarer than elsewhere, the usual terms being C.O.D.

In the marketing of food products, cosmetics and a long

list of other goods paralleled in other countries, branded articles play an important part in Denmark, and this is entirely due to the growth of advertising. All imported articles are sold under the names current in the country of origin, there being no advantage in changing brands to something adapted to the Danish language.

Advertising is just as extensively employed in Denmark as in England or America, and it is not uncommon for a departmental store to occupy a full page in a national daily. This seems, in fact, to occur more frequently than elsewhere, allowing for the area and population of the country, and the explanation is the low cost of publicity, a page costing £40 or less. Newspapers do not have large circulations, but their readers go through them pretty attentively and thoroughly. Since the greater proportion of buying is done by women, the major appeal is naturally made to them. Advertising on the films is also used extensively and produces excellent results. Owing to the scarcity of suitable sites, posters are not as much in evidence as in larger countries.

It is a definite advantage for the principal of an exporting firm or his immediate sales executive to pay a personal visit to existing or prospective customers in Denmark. Such a trip creates an impression of direct interest and readiness to serve and usually produces an order, always provided that an import licence can be obtained. It is not of vital importance that such commercial visitors are ignorant of the language, as they will be able to get along quite well in English. While most of the business will be transacted in Copenhagen, there are some wholesale houses, though not many, in Aarhus, Odense and Randers. Wherever he goes, the visitor can be sure of a hearty welcome and a good reception from Danish traders and their families.

Goods sold through agents in Denmark are consigned direct to the wholesaler, who effects payment or accepts the documentary bills and then arranges distribution all over the country by means of his own salesmen and agents. The busiest season for deliveries is the autumn. The import trade in Denmark is handled by firms which specialise in this branch of trade, and it is *not* usual to find undertakings combining import with export activities. The export trade is handled by quite another section of merchants, dealing solely in agricultural produce, such as butter, cheese, eggs and bacon. A large proportion of this trade passes through the hands of co-operative undertakings.

It will be realised how absolutely Denmark values her export trade and is therefore anxious to encourage imports up to the limits of her financial capacity when one remembers her departure from the gold standard in imitation of British policy.

FINLAND

In the process of her economic development, Finland has equipped herself with limited but first-class communications. There are excellent roads and railways between the timber areas and the key towns, as well as a fair volume of lorries and rolling-stock. Trams, omnibuses and private automobiles are steadily increasing, and the country is steadily advancing along the highroad of prosperity and civilisation.

Since 95% of such luxuries and modern conveniences have to come from abroad, Finland is obviously an exporter's paradise. It is of particular advantage that her finances are prudently administered, so that nothing is allowed to come in unless the means are available to pay for it.

Besides the need for precision machinery and other appurtenances of the timber industry, the demand for general imports comes mainly from the towns, which can be counted on the fingers of one hand. Finland's commercial centre is also her political capital, Helsinki.

Out of a total population of approximately $3\frac{1}{2}$ millions, about 10% speak Swedish, yet almost all the inhabitants of Helsinki use that language. Under the influence of nationalism, there is a growing tendency in commerce and private life to establish Finnish for all intercourse, but at present Swedish is still predominantly the medium of trade. Most of the leading merchants are Finns, but there is a considerable sprinkling of Swedes and some Germans.

Commercial documents are drafted both in Finnish and Swedish. For foreign correspondence, either Swedish or English can be used, but while most business men in Helsinki have a working knowledge of English, they prefer, whenever possible, to correspond in Swedish. However, the interest in English has been stimulated by the establishment of closer relations and the obvious value of British business to the timber trade, and to all intents and purposes English is an adequate means of conducting commercial relations with Finland. This also applies to foreign salesmen visiting the principal trading centres.

Though the number has increased in recent years, there is no large choice of manufacturers' agents whom one could employ in the Finnish market. Perhaps the best policy for an exporter to adopt, if he wishes to break into this trade, is by personal visits, either of the principal himself or of a responsible sales executive. As in the case of Scandinavia, there are a number of independent British representatives making periodical trips to the country, and if one wishes to avoid heavy speculative travelling expenses at the outset, one could do worse than get into touch with one of these.

Exporters should not give credit except on the recommendation of local banks. There is no lack of sound, trustworthy firms, but there are also many whose principals are over-optimistic without substantial backing. The banks in Finland are to be depended upon for ascertaining the status of a firm, and their information is always very reliable. It is sometimes possible to sell one's accepted documentary drafts on a *del credere* basis, so that the risk is taken over by the purchasing bank, and it is good policy to inquire at an early stage whether this can be done. The amount of premium demanded is a significant index to one's prospective customer's standing.

When confidence has been established between exporter and customer, the general practice in Finland is to grant fairly long credit for goods such as clothing, groceries and other staple lines, while thirty days is the usual term for the majority of other articles.

The supplier should satisfy himself early in the negotiations that the firm or individual representing him is in a position to make a good display of the goods. If they are given plenty of publicity beforehand, this will check a practice resorted to by some retailers: after placing a small order for some new line, they will sometimes send specimens to Germany, asking for a quotation for the same class of thing in a cheaper quality. Competition is very keen, and an exporter who is determined to succeed must endeavour to offer ranges at all prices, in good and medium quality, as well as really cheap lines. The great problem in Finland, as a market for the world's goods, is how to raise the purchasing power of the rural population, which is very poor indeed. The cause of this is the great distances separating primary producers from their markets, and the frequent recurrence of bad seasons. Sometimes, bad weather prevents the corn from ripening altogether, for summers are frequently spoilt by rain, which is said to be attracted by Finland's vast forests and innumerable lakes, large and small.

In spite of their poverty, the Finns are an optimistic, go-ahead nation, as testified by their Parliament building and Exhibition Hall in Helsinki, the latter the finest of its kind in Europe. This building activity is carried on with imported iron and steel girders and even bricks, though some stone is quarried in the country.

Import duties are high and sometimes rather intricate: for instance, the rates charged on confectionery and jams are very high during the summer months, but when the

season is over, they are reduced, the object of protecting home produce having been fulfilled. The Finnish import merchant is generally willing to buy foreign goods in the currency of the country of origin, but smaller factors and most retail stores prefer to pay in Finnish money, the Mark, whose value fluctuates round about a penny. A long period of more or less stable exchange has reacted favourably on Finland's trade with other countries. Consumers' and producers' co-operatives have played an important role in this, and being large enough to deal with foreign manufacturers direct, they should not be neglected by export managers. Here the brand-mindedness of the Finns has been conspicuously demonstrated, for one of these co-operative societies sells most of its lines under the mark "S.O.S." which has gained a reputation for average good quality.

Owing to the poverty of a large part of the population, however, price is usually the most important consideration with Finnish buyers. Advertising has developed to some extent in this market, but the impressions gained during a tour of the towns inclines one to think that too large an allocation should not be made to Finnish publicity account unless the article marketed is one with universal appeal, rapid consumption and absolute necessity. Inspection of the average Finnish newspaper will show that the standard of advertising is considerably below that ruling in Scandinavia or Western European countries.

HOLLAND

The economic position of the Netherlands is governed by three factors: their flatness and excellent irrigation destines them for intensive agriculture, and Dutch eggs, cheese and pedigree stock, as well as early vegetables, enjoy a well-earned reputation throughout Europe, while the mere mention of flower-bulbs or seeds recalls the fame of Dutch nurserymen. Geographically, the Western fringe of the Continent cannot help playing an important part as an entrepôt for the countries beyond the seas, and the estuary of the Rhine further accentuates the export-import trade passing through the country. Not that the Nederlanders have been content to play a passive rôle in enjoyment of their natural advantages: descended from the Nordic sea-rovers with their many-oared galleys, they roamed the seas in search of pepper and other spices, figured among the pioneers in the colonisation of North America and India, as well as South Africa. As a relic of the times when Admiral Van Tromp dominated the oceans, Holland retains a foothold in the Indian mainland and South America, besides the great and valuable possessions in the East Indian islands, whose petroleum and natural produce form a great part of her trade and home industries. Thus, Dutch commercial activity consists of the production of foodstuffs, carrying and handling goods intended for other countries, and processing the output of the colonies. Practically the oldest commodity handled by Dutch merchants is money: the

lending and banking practices of Holland were brought to public notice a few years ago by the immense sums advanced to the French Government by a bank which later got into difficulties.

Petroleum and tin are the only raw materials that the Dutch Empire can provide for her own heavy industries, and these are practically confined to shipbuilding and the refinement of hydrocarbon products. In spite of having to import everything required in this sphere, Holland not only has great accumulations of wealth, represented by foreign investments, but even at the lowest ebb of international trade she has not known what it is to have an adverse trade balance. When London departed from the gold standard, she was strong enough financially to resist following suit, serenely confident that her goods and services would continue to be in demand in spite of their increased cost in the currencies of Britain and the rest of Sterlingaria. What she could not escape, in view of the shrunken requirements of other countries and the resultant drop in prices of primary products, was a mild attack of autarchy fever—the disease spreading from the United States, which made every nation strive desperately to produce goods for internal consumption within its own borders, no matter how much dearer they were to manufacture than to import. In addition to her old-established industries—shipbuilding, electric lamps, radio and machine-building workshops, particularly for the sugar mills in Java—Holland has begun manufacturing a number of uneconomic lines with the dual object of reducing unemployment and imports. Since all this has to be done with imported raw materials and power, it is unlikely that her demands on really industrialised countries are going to be reduced either permanently or to any great extent.

Amsterdam is the most important trading centre in Holland, having assembled within one small area the long-established commerce in diamonds, woollens, tea, tin, tobacco, quinine and spices. Rotterdam is the main Dutch port and the scene of all transactions relating to transport, shipping and trans-shipment, especially in connection with the Rhine trade and coal bunkers. The Hague, the political capital of the Netherlands, where the International Court of Justice also holds its meetings, has a certain significance for merchants as the site of the Government and administrative offices. There, too, reside a great many retired Civil Servants, as well as business men who have made their money in the East Indies. The Hague is only about sixteen miles from Rotterdam, so that it partly has the character of a dormitory district for workers in the latter. Hence, The Hague has become a great retail shopping area, with some of the highest-class stores catering for the better-grade customer. The Hague is not a cheap place, for many residents like to "show off."

Selling in Holland more or less follows the accepted business practices current in other European countries. The manufacturer or exporter overseas usually appoints a single agent to cover the whole of the country. Dutch manufacturers, however, aim at developing trade in such a way as to take advantage of every opening, wholesale or retail, however small. They appoint representatives for each region, with sub-agents working under them, each salesman having his own small district. An exception to this is the higher grade of supplier, the nature of whose lines precludes it from selling to any or everybody and which consequently needs only one agent, usually having an office at Amsterdam. Here most retail stores have their headquarters, while the generality of bigger undertakings

maintain at least a purchasing department. If the foreign firm requires specialised representation, dealing, for instance, in machinery, cereals or textiles, it will find in Amsterdam or Rotterdam selling agencies handling nothing else. Rotterdam, particularly, is a great continental market for textiles and cotton in all its stages of manufacture. Exporting is also a specialised trade, which after incurring heavy losses in recent years on account of Japanese competition in the East Indies, has sought compensation by introducing Japanese goods into Holland and acting as an entrepôt for them in Scandinavia—with a high degree of success.

The Dutch merchant, of whatever grade, used to enjoy the reputation of being the most honest and reliable in the world. Since the economic crisis, however, many people have been so hard hit that they were unable to meet their obligations, however great their good will. Furthermore, the profession of manufacturer's agent has been invaded by many young beginners whom unemployment left with no other opening where they could start on their own. Such amateurs may lack the stability and experience to formulate and persist in a pre-determined trading policy and they almost invariably lack capital. Thus, the would-be exporter to Holland must nowadays take greater precautions in choosing his candidate for the post of representative. There is no question about the integrity of the average Dutch business man; while being a very keen buyer, he is most cautious and conservative in his methods. He will rather order small quantities than gamble with a large consignment in order to snatch at big profits. Nevertheless, he is modern enough to value cheapness above all other considerations, to the exclusion, above all, of outward appearance.

Terms of payment current in Holland are mostly thirty days' credit, with 2 or $2\frac{1}{2}$ % discount for cash, and this generally applies to imports, credit beginning to run from the date the goods are received.

There are a number of old-established factoring houses in Amsterdam and Rotterdam, but they have latterly been seriously hampered in securing a fair share of business, as most manufacturers have tried to make direct contact with retail stores, by-passing all intermediaries except their own sales staff. Some wholesalers have weathered this new form of competition through offering some particular service: one house, for instance, may work up a special connection among dealers selling from street stalls, another might go in for mail-order, catering for the individual housewife's needs or supplying visiting sempstresses with attractive ranges or favourably priced materials. The visiting sempstress or dressmaker is a traditional feature of Dutch life.

Gradually, as suggested above, most retail stores in Holland have adopted the practice of buying direct from manufacturers or their agents, but the import restrictions enforced by the Government, some years ago, have compelled many to become dependent on factors once more. The imports-quota system, then put into force, applies to the majority of small articles bought from abroad for daily use. Factors, who have not diverted their activities into fresh channels, are thus kept in existence—probably quite unintentionally—by these official measures, as well as by offering longer credits—up to sixty and ninety days, or even more.

The instalment system of payment has been introduced in Holland, but has not become as popular as in Britain or the United States. Speaking on the subject, an Amsterdam merchant told the writer that Netherlanders,

male or female, feel a little ashamed when buying something for which they cannot pay cash. This attitude, however, is changing, so he thinks, as the result of American influence and a change of mind on the part of traders. Instalment trading used to be the monopoly of lower-class shops, but such facilities are now being provided by some of the most exclusive establishments under the spur of keener competition, the economic crisis, a general reduction of incomes and the cinema's Americanisation of the masses. The pay-out-as-you-earn system has so far been successful in Holland because it has not been overdone.

The smaller retailer, who formerly could not help paying a middleman's profit, has also found another way of materially improving his position. Following the example of some bigger stores, he has begun buying on a co-operative basis. Joint buying offices have been set up, leading even to the adoption of a common price policy for all the participants, the pooling of publicity under one name and the holding of special bargain weeks at the same time in all the localities where the members of the group have their stores. The advantages realised from this collaboration are the ability to bulk orders large enough to be placed with any manufacturer, at home or abroad, and to obtain better prices, a freer choice of lines and better assortments. Last but not least, manufacturers, retailers and public have all had the benefit of a simplified distribution of goods. One Catholic organisation, for example, has some 250 stores handling textile goods throughout Holland. Catholics form about a third of the population and are very well organised socially and politically, as all radio listeners will know. When they engage in business, however, religious considerations are thrust into the background, and all that counts is price

and value, whether the other party belongs to their faith or not.

In recent years, advertising in the daily and periodical press has made great strides in Holland, but it cannot yet be compared on equal terms with the publicity of Britain or the United States. The cause of this may be sought in the extremely conservative nature of the people, inclining them to continue buying in the same shops as their forefathers. This has changed and is definitely being abandoned with the trend of the times, but not to the extent of allowing advertising to dominate individual judgment. Besides, as already pointed out, the matter of price is always a very important consideration; advertising costs money, and the average Dutchman thinks twice before incurring expenditure. "If I advertise my goods," his reasoning will run, "I shall have to charge more for them. A competitor will be able to offer lower prices, since he doesn't go in for publicity, or less so than I, and I may be worse off than if I hadn't speculated with these new-fangled selling methods."

Among the articles most advertised in Holland, toilet-goods, beer, tobacco, automobiles probably take first place. A glance through the list of Dutch publications will show that newspapers have mostly a localised circulation, and not many people in Amsterdam will read a Rotterdam paper, or vice versa. If a manufacturer or distributor wishes to cover the whole country, he must therefore advertise in the several towns' organs, as well as in Catholic journals and those of other denominations, since their circles of readers are not concentric.

Advertising in Holland is kept on more or less serious lines. Cheap humour does not easily appeal to the masses, in fact, unless something really witty can be introduced, one had better refrain. Whimsical publicity should be

restricted to pamphlet form, where the author has more space to make his point and the recipient more time to read. There are some very fine "advertising bureaux," as they are called in Holland, and they provide a complete service, designing the lay-out and drafting the copy, as well as placing the advertisements. Some of the big departmental stores have their own publicity departments.

Branded goods, especially packed lines—cellophane has played an important part in this—are becoming more popular in Holland because of their convenience and reliability, the intensive manner in which they have been recommended to the public, and the ease with which the masses can grasp what is offered.

The wording is principally in Dutch, but in the case of better-class goods, considerable interest is being shown in foreign languages—German, English, French, in that order of popularity. Even home products are sometimes sold under a foreign name; the great Unilever Combine, for instance, markets a cheap grade of margarine, made in Holland, under the name of "Blue Band," the first part of which is more often than not mispronounced as "bleu." Dutch people are apparently quite proud of the chance and ability to use a foreign word, even if they cannot pronounce it correctly. This applies particularly to tobacco, which is traditionally sold under Spanish brands, and toilet articles masquerading under French names.

Dutch buyers are keenly interested to receive visits from foreign representatives, principals for preference, but sales executives will do. Every business man in Holland is always anxious to improve his knowledge of the world, to hear about conditions in his own trade in other countries, to be kept informed about novelties, as well as new sources of goods, where he hopes to be

quoted lower prices. Furthermore, he is always glad of an opportunity to air his English. A foreign commercial visitor is always well received by Dutch merchants, but that does not mean that he will get an order, for everything depends on price. He will find that German, English and French are spoken adequately among buyers and in all quarters having to do with tourists, German again being best known. Actually, it is unnecessary for anyone visiting Holland for business or pleasure to speak Dutch, nor is there any need to correspond in Dutch, for all the bigger concerns in Holland, retail or factor, can and do read and write in all three above languages.

Information as to the standing of firms operating in Holland is not difficult to obtain, as there are trade registers where every company has to be entered, stating names of directors or partners and amount of capital authorised and subscribed. In addition, there are special commercial inquiry firms, such as exist in every country, who will soon supply whatever details may be required about a new or prospective customer. Banks may also be approached for such information.

When thinking of the potential trade openings to be found in Holland, the reader should always keep in mind that the produce of the East Indies (Java, Sumatra and adjoining islands) constitutes an illimitable outlet for all manner of commodities and fancy goods. Since most of their produce reaches the rest of the world through the mother country, there is naturally a great volume of return trade. The media for this are either Dutch import houses in Rotterdam or Amsterdam, serving almost exclusively the wholesale trade with Chinese merchants for their customers through their offices in Sourabaya or Batavia; or Dutch buying offices acting as agents for the larger firms in these colonies. Foreign goods bought for

these markets will be shipped direct to the East Indies, but paid for against bill of lading by the European offices. Longer credits are naturally customary in this class of business.

In order to effect sales in Holland or its dependencies, catalogues may be of use in helping to draw attention to the articles offered, but the average Dutch merchant will not usually buy on the strength of catalogues, and samples are essential in order to clinch a new connection.

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LITHUANIA

It may whet the appetite of manufacturers and export managers to learn that in the course of two years Lithuania increased her imports from Britain by 14%. Such products as petroleum, industrial and agricultural machinery and automobiles have also been taken from the United States, ever since the country attained its independence, but the volume of this trade has been slight. The importer complains that Americans do not pay much attention to the smaller markets of Europe. This is a striking lesson that, if one wishes to trade with a nation, one must study its tastes and peculiarities. Merely having the goods available, which it badly needs, is not enough.

Ever since Lithuania began to emerge from the devastation of the last war, her main trade has been with Germany, importing chiefly textiles, iron, coal, machinery, chemical fertilisers and other manufactured goods. Lithuania has practically no industrial development, her exports being confined to agricultural produce. The largest customer for this was, until recently, the United Kingdom, but Lithuania is interested in increasing her trade with other nations, particularly Poland and the Soviet.

The centres of Lithuanian trade are Kaunas (formerly Kovno) and Memel, the former the capital and the latter the port through which all sea-borne imports and exports have to go. There are two systems of commerce, one highly centralised, the other conducted through the usual

mercantile channels. Three important trading concerns, "Maistas," "Pienocentras," and "Lietukis," handle the bulk of bacon, butter and eggs as well as flax, that leave the country, importing agricultural machinery, coal, fertilisers and other needs of the farming population.

Besides these large organisations, there are numerous co-operatives that import direct, besides many firms combining import and export business. The latter are open to accept the representation of foreign firms, and in order to develop a successful trade with Lithuania, it is essential to select among them agents of good standing. Preference should be given to citizens of Lithuania, as foreign representatives often encounter resentment and obstruction. The advantage of having a Lithuanian agent is particularly evident in dealings with municipalities and Government departments, where there is a pronounced tendency to favour nationals. Another important point to note when negotiating an agency agreement is that it should contain the proviso that all transactions should be carried out direct between exporter and purchaser. There are few manufacturers' representatives in the country with sufficient financial backing to provide guarantees against the diversion of money passing through their hands, so that their functions should be restricted to bringing the parties together, communicating their later wishes to each other and reminding the customer of the foreign firm's existence if orders should slacken off.

Merchandise is imported on a variety of terms that range from sixty days' draft, backed by a letter of credit opened through a recognised bank, such as the Bank of Lithuania, Land Bank, or Bank of Commerce, up to similar documents with a tenor of 90 to 150 days. Before entering into any transactions, it is well to make careful

inquiries into the customer's standing, for the average trader in Lithuania works with a very small capital. Importers within the country supply both retailers and factors, according to the article in question, and while they may have a shipping office at Memel, the headquarters of the distributing trade is Kaunas.

The languages used for correspondence with other countries are Russian, German and English, in order of importance. Lately, more firms in Lithuania have acquired English correspondents, and this is facilitating commercial relations with Britain and the United States. Germany gained a considerable start in all the Baltic States, not only as the result of her war-time occupation, but through her great activity immediately afterwards. For years, she has been sending out salesmen equipped with catalogues printed in the local languages, with the additional advantage that the metric system of weights and measures was in use everywhere. Thus, a foreign representative will be in a better position if he knows German, but he can get along somehow or other with nothing but English. As the result of happenings in recent years, there is a good chance of the German supremacy being ended; the import merchant is mostly a member of the Jewish race, and hence positively averse from dealing with his brethren's persecutors, if he can procure goods elsewhere, if new sources can be discovered.

POLAND

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Readers of industrial romances will gain from accounts of the feverishly active shirt factories in Lodz the impression that, where there is a Manchester, there must also be a Sheffield and other centres of modern manufacture. Hemmed in between two great powers, Poland has been compelled to develop armament, shipping and other industries vital to her national existence, but in essence, the country lives by the products of timber, cattle and soil. Woodworking has been brought to a much higher degree of processing than anywhere else in Europe, and Poland supplies practically every standardised part of the modern family house in enormous quantities, already painted with a weather-proof undercoat paint. The exports of agriculture include grain, beet-sugar and butter, but all these have been badly depressed of recent years owing to the decreased demand of slump-stricken Europe and consequent low prices. It is difficult to say how exports to the United States ever managed to top the ten million dollar mark, but her imports are more than ten times that amount, Germany providing rather less and Britain a still smaller aggregate.

In return, Poland supplies us with sawn timber, plywood, building materials, windsor chairs, matches, buttons, pulped fruit and—during a memorable coal-strike—coal. Though this last item can very well be dispensed with, we can very well do with more Polish butter and eggs, as well as others of the commodities

enumerated above. Excellent opportunities exist, therefore, for increasing trade between the two countries, and the following points should always be kept in mind by exporters and manufacturers when attempting to enter into relations with Polish merchants.

The principle of according financial support to agents is one that should be adhered to in most branches. Not only must travelling and representation costs be allowed, but a certain sum for office upkeep and, if necessary, advertising. As soon as a Polish business man has capital of his own, he starts trading on his own, so that representatives are almost always without any great means. An agent specialising in textiles should reside in Lodz, otherwise the best place in which to appoint an agent is without a doubt Warsaw. From the shipping point of view, Danzig would naturally be more convenient, but this is much too deeply under German influence to serve as a base for combating German rivalry. Preference for German goods is still marked in Upper Silesia, but is on the wane in Eastern Poland, where foreign goods are always in demand, provided the prices are competitive.

In Poland, where money is so very scarce, it is absolutely out of the question to do business except through an agent who is responsible for collecting the accounts for which he has taken orders. Mere letter-writing is insufficient, and unless a firm has a regional office in Germany, Austria or Czecho-Slovakia, it will hardly be worth while sending out sales executives more than once or twice a year.

Advertising does not play a great part in sales of machinery, or for that matter, in the popularisation of any mass-produced article. Newspapers are the most suitable medium, but are relatively expensive in their space-rates.

Polish buyers will take branded goods, if they know them well already, but new or unknown brands will be bought only for cheapness. It must be remembered that the Polish masses have very low wages and family budgets, so that quality goods have a very limited appeal.

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PORUGAL

With most of its sea-coast on the Atlantic Ocean, Portugal enjoys a less relaxing climate than Spain, and there was a time when the enterprise of her seamen made her a serious rival in empire-building to Spain. All that remains of her American colonies, however, is the persistence of the language in Brazil, and the only colonies of importance are in Africa. The individual Portuguese is a trader born, rather than a manufacturer or organiser. No amount of genius or application would, in any case, make up for the entire absence of raw material and resources of motive power in Portugal, so that she has to import all that she can afford of the amenities of modern civilisation. In return for these, she exports wine, olives and canned fish, her chief purchases being textiles and textile machinery, tin-plate and electrical goods, as well as coal and petrol. The number of foreign merchants is not large, the majority being established in Lisbon, the capital, and Oporto, the centre of the wine trade. A number of British firms are engaged in steamship agency business, and they also act as importers of bulky goods, such as coal, cotton, and other commodities offering a fairly large turnover. The majority of agents or distributors, however, are Portuguese. More business is done at Lisbon, the greatest commercial city in Portugal, than Oporto, which confines itself mainly to its speciality and has less favourable communications inland and with the outer world.

Exporters to Portugal usually have their own agent in the country. In the case of foodstuffs, these are mostly wholesale distributors, but for textiles and articles whose sale is comparatively small, dealings are carried on with retail stores direct.

The terms are generally dependent on the nature of the merchandise, but the commonest are cash against documents at the port of arrival or ninety days' sight draft drawn on the customer. For transactions in coal or raw cotton, buyers are accustomed to open letters of credit. It is the exception for goods to be sent on consignment to Portugal, whose turnover as a consuming market is limited, this practice being much more frequent with shipments out of the country, such as citrus fruit, nuts and almonds.

Portuguese manufacturers mostly approach the retailer direct, covering remote districts by travelling salesmen. Terms given are 30, 60, and sometimes as much as 180 days' credit. The system of instalment payments is in force in Portugal, but owing to the high interest charged (10%) it is rather expensive for the public. It is usually applied to such lines as sewing machines, radio apparatus and luxury goods.

The masses in Portugal are very poor and even the average Government official receives a meagre wage. Competition among exporting countries focuses itself on minimum price regardless of quality. Portuguese dealers are inclined to bargain, and the experienced importer often agrees with his representative to fix a haggling margin, as customers will then happily conclude a deal after obtaining even part of the permissible reduction. While Portuguese merchants are always ready to receive callers, the best time for a visit is not long before lunch, if you want to finish your business quickly, as their impatience will grow with the approach of noon. If you see

him immediately after lunch, however, you will find him at leisure and in the best of humours.

Apart from a few names of international reputation, brands do not matter very much in Portugal. As the most important consideration is cheapness, their help is generally invoked for selling the lowest grade goods. Only a few concerns ever undertake extensive advertising, and the turnover of the average article depends either on its low price or on a reputation built up in the course of many years. A very effective method of publicity is to distribute free samples; this is particularly true of country districts, where only a small percentage of the people read a newspaper, and such gifts are much appreciated. Advertising in Lisbon and Oporto newspapers pulls its weight among all literate citizens throughout the country, as they circulate on a national scale.

Correspondence is best conducted in Portuguese, failing that, in French, with English rather a poor third. English, however, is certainly gaining ground, perhaps through greater concentration on the tourist traffic, or possibly because of a general increase in foreign trade.

Catalogues, if well got up, do help to sell an article; but they will lose a great part of their effect if they are not in flawless Portuguese, and it is essential that the measurements should be metric. Posters are not used to any great extent, as Portugal has nothing to equal the great bill-posting organisations of other countries.

Economic conditions have definitely improved in Portugal, ever since the excellent administration under Dr. Salazar stabilised the currency. Portugal is one of the few countries on the Continent where monetary restrictions do not operate to hinder foreign trade.

SPAIN

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Anyone who remembers the fever of reconstruction that possessed the inhabitants of devastated France after the last war, will realise the feelings that have pervaded the hearts of patriotic and home-loving Spaniards since the last shot was fired in the bloody fratricidal conflict. After being made the training ground of German, Italian and Russian artillery, tanks and bombers, Spain found herself with a much larger harvest of destruction than any other country had experienced within a century. And the irony of it was that, since it was nominally civil war, she had not even the illusive prospect of enemy reparations to aid her in getting back to normal. On the credit side was the fact that the valuable mines of iron ore and lead which, besides olives, citrus fruits and other products of the soil, serve to pay for foreign imports, had been functioning with hardly a break throughout the period of disaster. True, they had changed hands in the process, and the foreign shareholders could hardly have been delighted at the restrictions imposed on the remittance of their profits, but this vital counter in international trade has been preserved, and this makes Spain an attractive field for the exporter.

During the era of rebuilding, imports are being strictly rationed on utilitarian lines, but it will be of interest to review the goods which found a ready market there in normal times. Among fully processed wares, there was first and foremost electrical equipment, dynamos and

motors, one to ten tons and over, accumulators weighing less than 25 kilograms per unit, dry batteries, chiefly originating in Britain and the United States. Internal combustion motors also figured largely, including heavy oil engines, motor cycles, lorries and automobiles. The demand for Diesel engines was on the increase owing to the growing use of heavy oil in trucks and omnibuses. Open cars are no longer popular, inquiries being rather for higher-rated closed machines, as well as lighter models. "Baby" cars, strangely enough, continue in vogue, although the roads are far from first-class, except the principal highways. Rubber manufactures and pharmaceutical specialities are unlikely to be less in demand, while all sorts of machinery will be required more than ever, particularly for textile mills. Spain is the home of the famous merino wool, but has always been a great buyer of cotton, drawing two-thirds from the United States, the rest from Egypt and India. There is also some call for knitting machinery.

In cotton piece goods, there is a market for both heavy weights, mainly coming from Britain, and the lighter cloths, supplied by Switzerland, Czecho-Slovakia and other countries. Examples of the latter may be of interest: they are shipped plain or twilled, unbleached, bleached, or dyed, 60 grammes per square metre or less, up to twenty threads. Principal woollen piece goods imported into Spain are in weights over 250 grammes per sq. metre, especially between 250 and 450 grammes.

Spain is an important exporter of canned goods, such as sardines, anchovies and olive oil, and has therefore to import considerable quantities of tin-plate, solder and sulphuric acid. Britain, Italy, Germany and France are responsible for about 17,000 tons imported every year.

There are various ways of handling the Spanish market,

and they have not been changed by the Civil War. Some firms, and they are probably in the majority, appoint agents in Madrid or Barcelona. Others send their own representatives to establish offices in these two towns, while a number of the larger manufacturing concerns have created subsidiary undertakings, registered in Spain, a controlling interest being held abroad. The executives are mostly experts sent out from head-office, the rest of the staff being Spanish, trained by them locally. Whatever the arrangements made for marketing one's merchandise in Spain, it is good policy to send out a responsible sales executive at least once a year. Preferably, he should have a knowledge of the language, though many of the better educated Spaniards in business do speak English.

The most usual terms current in the Spanish import trade are ninety days, but the heavier types of machinery are bought against payment by instalments over a period of several years. The average Spanish merchant is a reliable person, and little difficulty is experienced in obtaining information about his commercial standing. The most suitable addressee for such inquiries is the local bank, though one may also have recourse to Dunn's and a number of similar, though smaller, bureaux offering this service.

Machinery and other lines of the "heavy" type are sold direct by the agent to the factories using them, but less costly goods are supplied to factors for distribution.

While Madrid and Barcelona have been correctly described as the principal centres of trade, it is quite possible to cover the whole Spanish territory through an office in Barcelona only. Most of the larger foreign firms established in Spain divide the country into provinces and control their various sub-agents or important direct customers by means of sales inspectors, usually Spaniards. For such distribution inside Spain, the credit given ranges

from eight to ninety days. Practically all commercial payments are effected by bills negotiated through the banks.

The standard of advertising in Spain is not high and cannot bear comparison with what is accepted as a matter of course in Britain or the United States. Nevertheless, it is absolutely essential to advertise all branded merchandise, and the organisation of such publicity must take place in the country itself, in order to have proper guidance on how to reach the peculiar mentality of the Spanish public. All advertising is done in Spanish, the copy being composed by one of the local advertising agencies of whom there are a good many efficient ones in Barcelona and Madrid. Posters may quite frequently be seen, but they are not quite as widespread as they are elsewhere. The sale of Neon signs is an expanding industry.

Correspondence should be carried on in Spanish, and if that is not possible, in French. In the Catalan Province, for example, all business men can speak French, while in Madrid English-speaking merchants are quite numerous. Catalogues must be in Spanish, and it cannot be stressed too strongly that those prepared for the South American trade will not do, as Spanish has developed on different lines there from the Castilian of Spain, and trade terms describing goods are apt to vary considerably. It is best to have the preparation and printing of all such literature seen to in Spain, as not only will the result be better, but they will come under a lower rate of duty than if imported. The standard of commercial printing is very fair, but department-store catalogues do not attain such a high standard as in Western and Northern capitals.

The average Spaniard, whether importer, factor or retail distributor, allows his choice to be guided almost entirely by price, though quality naturally counts in higher-grade goods.

SWEDEN

Dazzled by the great reputation that Sweden enjoys for her two manufactures—matches and the highest-grade products of steel, from razor blades to taximeters—the majority of people forget that she is nearly as much an exporter of primary products as the other two Scandinavian countries. Over-shadowed by the eminence of Danish dairy farming, Swedish eggs are very much less well known than her superfluity of iron ore which feeds the foundries of Britain and Germany. Thanks to Ibsen, however, rather too much is known about the sophistication of Swedish social life, but the essential truth from the foreign exporter's point of view is that the standard of national wealth and individual income among her $6\frac{1}{2}$ million inhabitants is so high that it is really difficult to find a genuine pauper.

During the 1914-18 war, Sweden found it impossible to obtain many manufactured articles which she had been importing from the combatants, and the only remedy was to begin opening her own factories. This tendency was accentuated by the world slump which followed and prevented Sweden from selling as much as previously. To defend her currency and standard of living, restriction of imports was necessary, and although Sweden became part of Sterlingaria on Britain's abandonment of the gold standard, a considerable stress on self-sufficiency was introduced. Sweden was saved from going to extremes in this direction by the large proportion of her produce

which she must sell abroad. Realising that one-way economic traffic is impossible for any length of time she has never departed further from the principles of the open door than the emergency demanded, and her currency is uncontrolled.

Sweden is therefore a first-class market for all the luxuries of modern civilisation, and even in the necessities the tendency is to attach more importance to quality than to price. Such an exporter's benefactor is surely worthy of greater study and attention on the part of foreign firms. Yet the fact remains that the only country whose merchants have systematically set about catering for Sweden's requirements is Germany, and their reward has been proportionately rich.

The centres of Swedish trade are Stockholm, Goteborg and Malmö, with the capital also heading the list in importance. Every supplier should be represented there, and as distances in Sweden are enormous, it would be good policy to have an agent in the Northern part also. Sundsvall has grown up as a distributing centre for the forest regions, where the material for wood-pulp and other timber products is felled.

The average exporter appoints an agent, mostly a Swedish firm, to act for him in this market, and, apart from Germany, very few countries maintain their own representatives in Sweden. The advantage of having a Swedish office of one's own, staffed with foreign executives, is that foreigners are very well received everywhere and their reports as to the special needs of Swedish customers are taken more seriously by headquarters. Whether personally represented or not, the foreign firm should send out senior sales executives annually in order to discuss complaints and suggestions with customers. In Stockholm, alone, there must be close on a hundred offices

established there by German firms. In a recent year, nine thousand commercial travellers visited Sweden from Germany, as against two thousand from Britain and many less still from other countries. English takes one everywhere in Sweden, and the native language is quite superfluous in business circles.

The tendency in Sweden is for manufacturers' agents to specialise, but in some branches, textiles for example, there are too many commission agents. The best policy, in the face of an abundance of choice, is to select the older and more experienced man and offer him suitable inducements to concentrate on a few lines rather than on anything or everything.

The Swedish trader is accustomed to receiving three months' credit, bills being drawn with that tenor. Actually, the financial resources of most Swedish distributors are strong enough to do without such long credits, and these extended terms are more the result of adherence to old-established practice, dating from times when transport by land and sea was much slower.

The Swedish consumer is definitely more interested in quality than many another nation. In spite of this, competition among manufacturers and importers is keen, especially as customs duties are much lower than in other countries and money can flow in and out of the country without restrictions.

Commission agents of foreign firms usually sell direct to the retail trade, or there may be one middleman, according to the type of article handled and the distance from the distributing centre. Farming districts are supplied by wholesale houses, which stock warehouses in the nearest town.

Hitherto, branded goods have not figured so largely in satisfying the needs of the Swedish consumer, but they are

rapidly gaining ground in consequence of the growing intensity of advertising campaigns launched in the press. The average Swede is an individualist when it comes to spending money, and is inclined to argue that expenditure on publicity is no proof of quality. He is therefore likely to investigate before buying and needs thorough proof before he can be induced to abandon a line which he has been accustomed to use. Hence, the wording of Swedish advertisements conveys a much more direct and practical appeal than elsewhere, avoiding emotional or humorous turns unless linked up with logical argument. Swedish papers will usually translate without charge any advertising copy given to them to insert.

German manufacturers very often adapt their brands to established Swedish packings, and this may be necessary in the case of certain lines, such as pharmaceutical products. Generally speaking, however, an English brand will go very well in this market, the make-up being retained, but naturally with Swedish instructions added. English is so generally understood that anything originating from that country enjoys a high reputation.

U.S.S.R.

(Union of Socialist Soviet Republics)

The foreign trade of the Soviets is a State monopoly, vested in a small number of import, export, and combined import-export State trading corporations, which form part of the Commissariat for Foreign Trade. All these corporations have their head office in Moscow.

The entire overseas trade of the Soviet Union is conducted by them, mostly direct with foreign manufacturers or brokers. For this reason, it is necessary for would-be exporters to establish and maintain direct contact with these corporations, although, in certain instances, transactions are concluded by the Soviet delegations or agencies established in foreign countries.

For exporters to get into touch with the import authority in Moscow, they must communicate with the particular State Import Corporation which might be interested in their products. They should send any printed material they may have, together with prices, quantities and delivery dates. If it is desired to send samples, a licence must be obtained from the nearest Soviet Trade Delegation. Communications to the Import and Export Delegations may be made in English, though any printing on goods delivered will be in Russian. It is generally advisable to send literature and important typed details in at least twenty copies, so that these corporations may distribute them to the various industries and trusts on whose behalf they buy.

Merchandise purchased from the United Kingdom by the Soviet Union is paid for in the following manner :

1. Payment in London, cash against documents ; this method of payment is used only in certain cases, such as re-exports and market-price goods purchased by auction.
2. Documentary credit, collection through any large British bank by its agents in Moscow.
3. Original documents to be despatched by the manufacturers direct to the Soviet Import Corporation.

In either of the two last-mentioned cases, payment is made in cash in London, within thirty days of despatch. All liabilities have so far been met satisfactorily, and there is no known instance of default by any Soviet trading organisation.

The Moscow Import Corporations encourage firms to send representatives to Russia to demonstrate their specialities personally, and there is no difficulty in getting on with them in English. These Corporations have a rooted dislike to trading through intermediaries, feeling that commissions paid to agents would increase the price of goods. Furthermore, they do not believe that any such go-between can do justice to the wares of more than one firm. Thus, all representatives sent to Russia should be genuine executives of the principal firm and first-class specialists in the merchandise. Business visitors to the Soviet Union can only interview the Moscow officials of the Corporation concerned, unless permission is obtained for them to go to the factory or local distributing concern interested in the goods offered.

All travel arrangements can be made by the Intourist Agency, who will also obtain the visa for one's passport

without additional charge. There are three alternative ways of travelling to Russia:

1. By Soviet boat to Leningrad, which takes about five days and runs only during the navigation season (May to November).
2. By rail via Berlin and Warsaw, a journey of two full days.
3. By air, taking about twenty-four hours.

Direct trading between the Moscow import and export corporations and foreign suppliers was authorised in August 1935. Previously, purchases in this country were made on their behalf by Arcos, Centrosojus (Union of Co-operative Societies) and other Soviet agencies in London. Now Arcos acts chiefly in a consultative and supervisory capacity.

The new system of direct trading means that contracts are now domiciled in the U.S.S.R. and, unless agreements are made to the contrary, they are subject to Soviet law, arbitration being provided by the Soviet Foreign Trade Arbitration Commission in Moscow. As there is no arbitration treaty between the two countries, arbitration awards are not mutually enforceable, and any clause providing for arbitration in Britain or a third country have no international validity.

Section B: ASIA

(i) THE NEAR EAST

CYPRUS

WITH an area not quite as large as Wales, Cyprus has a population of about 300,000, composed of cultivators and fishermen on the one hand and shrewd Levantine merchants on the other. Raisins and wine, cotton and silk form the main exports, to which must be added a flourishing tourist trade. In return, all factory-made products must be imported, and plagues of locusts sometimes render the island dependent on cereals from overseas. Thus, the Cypriot woman sends her cocoons to Lyons and wears Manchester or Japanese woven textiles herself, while her husband may sell Brummagem curios to the unsuspecting stranger.

The world slump has hit Cyprus as hard as any other exporting country, but a few good harvests, a revival in the number of visitors and renewed military interest in the Mediterranean have done wonders for the purchasing power of the inhabitants, and their needs are worthy of serious study.

Another, in fact the chief export of the island, has recently attracted the interest of the medical profession: the dried fruit of the locust tree, the age-old sweetmeat of the Middle East, has been found to be an ideal source of diabetic flour, and the demand for it should enrich the Cypriot.

The shops in Cyprus resemble those to be found in any other Eastern region; they are mostly small and yield the owners a bare livelihood with the help of endless long credit from the factors and importers. The latter are mostly Greeks, with a sprinkling of Turks and Armenians, and in olden days they used to run their own ships, visiting Alexandretta, Beyrouth and Alexandria to sell the island's produce and re-stock their warehouses. Nowadays, the fruit and sponge boats may still carry return cargoes of European goods, but the merchants sit at home, smoking their water-pipes, and await the visits of the smart young agents with their sample-cases, mostly of German origin, who do the Mediterranean round-trip four or five times a year. In the case of long-established connections, these calls are the occasion when the amount of the last invoice is paid, or an endless hard-luck story may defer settlement till next time. Along more modern lines, however, the general rule is for goods to be delivered against acceptance of documentary bills at thirty or sixty days' sight, and consignment terms are almost unheard of. As stated above, long credit prevails more among the retailers, who can easily obtain from three to five monthly terms from their particular merchant, but woe betide them if they are discovered buying from a competitor! The merchant keeps himself well informed as to the doings of his dependants, and as over-trading and price fluctuations are rare, his risk is not great.

The attitude of the average Cypriot to advertising was epitomised to the writer by a local merchant in the phrase: "Our people follow the policy of trying an article before they believe in it." Publicity does not pay here as yet, and it is not long since only the upper classes and some of the clergy were fully literate. Now even the poor labourer may be seen perusing a paper, when the day's work is

ended, and their chief interest is the outside world, with all its important events.

Only the well-to-do—and there are not many such in Cyprus—buy by quality. The middle class, who are in a position to allocate their purchasing power, go in for quality only if it justifies the price, and generally speaking, the great mass of the people is so poor that price must be their primary consideration. The Cypriots have indeed been modernised by the education and public-works policy introduced by representatives of the Colonial Office, as well as by contact with tourists, but another local informant stoutly upholds the contention that his people are kept poor by the very influences which aim at raising their standards. According to him, they spend all the fine new money which the British have brought into the island, on cultivating the taste for luxury acquired from tourists and Government officials. Certainly, the shops in Nikosia—the capital—Famagusta, the chief port, and Larnaca are becoming more attractive in their displays, and this is helping to encourage trade.

Manufacturers and exporters who do not themselves cultivate a Mediterranean connection, should get into touch with one of the many commission agents and importers who have representatives at a Syrian or Egyptian port. It should be easy to conclude an arrangement by which suitable samples could be carried on a commission basis, and the advice of the men on the spot must be followed as to quality and design.

PALESTINE

In twenty years, the population of the Holy Land more than doubled, rising from 590,000 in 1919 to nearly 1½ millions, and the strange feature about this movement is that all the sections of the inhabitants have shared in it—Moslems 457,000 to 833,000, Christians 69,000 to 112,000, various 7,000 to 12,000. In view of the Balfour Declaration, the Jewish increase has naturally been the greatest—from 57,000 to 437,000, yet in actual numbers the Moslems have almost exactly kept pace with the Jews, showing that conditions of life became more attractive and infant mortality less under Jewish economic development.

If the uninformed stranger were asked about Palestine's chief exports, the only items that would occur to him would be oranges and grape-fruits. The case of Palestine, however, resembles that of Britain, in that both have enormous invisible exports in the shape of moneys flowing into the country without the reverse passage of goods. Only, in Palestine's case these are not interest or dividends from investments abroad, but voluntary contributions by Jews all over the world. In twelve years, the official Land Purchase Organisation (Jewish National Fund) had an income of over 3 million sterling from such sources, and the most recent figures available of all Jewish investments in Palestine show a total of 46 million sterling, of which 7 million are in land, 23 in buildings, 9 in orange groves and mixed farming, and 7 in industry,

etc. The payments for land-purchases have been received almost entirely by the rich Arab owner class, but the balance must be divided between wages and materials, both of which are favourable to a lively import trade.

The natural resources of Palestine consist of a relatively small area of fertile soil, the water-power provided by the steep descent of the Jordan and the accumulated chemicals in the Dead Sea. Petrol has been made readily accessible by the pipe-line from Iraq, but timber is exceedingly scarce, and all raw materials have to be imported. The establishment of industries has therefore proceeded more with a view to employing the large increase in the urban population and conserving the country's purchasing-power than to compete seriously with highly industrialised countries. The imposition of import duties has aimed principally at raising revenue, and not at protecting uneconomic industries. What is most important, Palestine is ruled by Britain under the auspices of the League of Nations, so that duties are the same for all, whatever the country of origin. Thus, Palestine is an open market for the whole world, and let the best man win.

The lowest stratum of consumer are naturally the fellahs, the Arab peasants, with their primitive methods of scratching the ground with wooden ploughs—at least, that is what they were doing before force of example taught them to modernise their ways, plant orange groves and make use of electric power to irrigate their land. Many have attained a new independence, many others have found employment with or through Jewish colonists—in either case, so much more purchasing power, placed in new hands. Education has also proceeded in the use of that purchasing power: in pre-mandate days, the tiny surplus accumulated by Arabs over bare necessities went into the local equivalent of the French woollen stocking,

gold and silver coins neatly strung into a head-ornament for the women. Now only the Bedouins still adhere to the bad old ways: soap and sanitation, European clothes and underwear are becoming part of the average Moslem's daily life. As with all novices in the art of modern living, there is the tendency to concentrate on adornment and luxury for their enjoyment and to pay minimum prices irrespective of quality. Thus, there is a certain resemblance to the Kaffir demand in South Africa, shorn of some of its ridiculous extremes by the adaptability with which the Arab watches and copies his Jewish neighbour's ways.

As for various classes of Jews, the income level is definitely on the low side, whether one works as a simple *Chalutz* (pioneer) in a new J.N.F. settlement or earns one's living as a shopkeeper, lawyer or doctor. Living, however, is cheap, society democratic, without too many demands on one's purse for keeping up appearances, and above all, the winters are seldom severe enough to demand much heating. However he manages it, the middle-class Jew always seems to have enough in hand to satisfy his demands, with something over to visit London and Paris every three or four years. Here a parallel might be drawn with the British settler in Rhodesia, with the difference that Palestine Jews have built up an excellent school system, with a University well on the way to completion, so that no one would dream of sending his children to Europe for schooling. The pioneer, male or female, has naturally to live and dress very simply, but taste and love of beauty are quite highly developed among all the colonists.

Admittedly, the number of those who can afford to pay for high-class goods is small at present, being restricted to the more prosperous merchants and growers of citrus plants. Even this element is subject to vicissitudes of

fortune and may at any time have to reduce its scale of living if the foreign fruit market will not pay a remunerative price for the staple products of the country. Like every territory in process of development, Palestine has had its periodic crises, in fact a year passing off without some kind of trouble or other has been the exception. Either there is a shortage of labour or a shortage of work or a shortage of money: it is difficult to keep immigration, industrial development and the raising of capital exactly in step, when each depends on so many different external factors. The only item among her misfortunes that could be eliminated is the artificial discontent fomented among the Arabs at the expansion of Jewish enterprise. When they are left alone by foreign-paid agitation, they realise to the full the financial, educational and medical benefits which they derive from their capital, enterprise and science.

The above analysis of Palestine's consumers, present and potential, should reveal to the alert exporter not only a population with medium to cheap demands of the most various kind but the beginnings of an excellent quality market, likely to expand with a year or two of prosperity. And the most obvious platitude that emerges is that the suppliers who have satisfied the Palestinian, when his purchasing power is relatively low, by combining taste and value with prices that he can afford, will continue to enjoy his confidence and custom when his pockets are bulging with proceeds of his orange-groves and potash dredgers.

The centres of trade are Tel-Aviv, Haifa and Jerusalem, Tel-Aviv's activity being most modern and intense. There one finds a tremendous number of merchants, agents and banking houses relative to the size of the place, and the problem of making the best choice among them for

one's business is not an easy one. Not that the majority are inadequately financed or incapable of obtaining orders, but amid such a welter of nationalities, where standards of morality are so varied, it is difficult to tell, without a personal visit, with whom you are dealing. As the result of investigations on the spot, the best way of breaking into the Palestine market is found to be the visit of a sales executive to the country in order to make agency arrangements. Palestine may be small in size and prospects, compared with other areas demanding individual study, but not only is it very well worth cultivating, but such a visit could cover Egypt and Syria with very little extra expense.

There can be no country in the world where credit has been so quickly and widely established : the reason for this is the delay which often supervened, in the early days of the Zionist Organisation, in the arrival of official remittances. For months on end, everybody was in debt to everyone else, and the finance of the country was carried by the shopkeepers, Jews and even Arabs. The terms granted to retail stores range from 30 to 120 days, while on articles such as automobiles and agricultural implements, where the final purchaser has to be granted instalment terms, the distributor must be similarly treated, unless finance is arranged for him with a banking concern specialising in hire purchase. The usual terms on which goods are imported are 30, 60, or 90 days' sight bills. There are a few wholesale dealers in Tel-Aviv, notably in the building and provisions trades, but generally speaking, the market is too small to justify their operations. Thus, the exporter's agent will take most of his orders from the retail stores, except where he gets in direct touch with the public, and give delivery from stocks built up in the country.

English is one of the three official languages, Hebrew and Arabic being the two others, so that it can be used for correspondence, and the visiting salesman will also find it carry him everywhere, though a little German or Yiddish would also be helpful. The resident agent should know both Hebrew and Arabic, for both are essential if the whole market is to be covered thoroughly. It cannot be too strongly emphasised that, in spite of propaganda to the contrary, the Jewish traveller is as well received by Arab shopkeepers as the Jewish colonist peacefully making his choice in the essentially Arab bazaars. This is particularly to be noticed in Haifa, Palestine's premier port, and the moral is that business should be kept entirely free from politics—a principle nowhere more important than in Palestine, where tactlessness can easily arouse fanaticism.

The Government of Palestine, being under the British Colonial Office, obtains its imported supplies through the Crown Agents, but the municipalities of the various towns call for tenders and make their purchases quite independently of Government control. To obtain their business, it is essential to be represented on the spot, as also for offering goods to the two great public utility undertakings of Palestine—the Jordan power scheme and the Dead Sea potash concern. Both these companies have offices in London, but their function on the buying side is chiefly to forward catalogues and samples on which orders can be placed. Manufacturers and exporters will know, however, how much more efficiently business can be conducted overseas by direct representation.

Before 1925, advertising played a very small part in Palestinian commerce. Then the situation was altered by large-scale European immigration, which not only increased the market but added to the sophistication of the inhabitants. Now, about two-thirds of the publicity is

concentrated on the daily press. Jerusalem has two Hebrew papers, the *Doar Hayom* and *Hayarden*, and one English daily, the *Palestine Post*. Weeklies include *Palestine Illustrated* in English and *Merat el Shark* in Arabic, published bi-weekly. *Jamin al Arabi*, an Arabic daily, is also published in Jerusalem. A Hebrew children's newspaper, *Etoneno*, also appears weekly. Advertising chiefly follows display lines, with illustrations. The layout is on a par with Continental standards, but cannot yet be compared with those of England or America. The style is closely copied from American advertisements, which appeals more than the British, but there has already developed locally an original style, which is gradually becoming perfected, both in lay-out and art.

The first large-scale advertisers in Palestine were American firms—Ford and Dodge cars, Goodyear tyres, Vacuum Oil and General Foods Corporation—followed by their British rivals, Morris cars, Dunlop tyres and Shell Oil. Hebrew is the most effective language, since one Hebrew paper's circulation—17,000—exceeds the combined sales of all the Arab journals. Only a small part of the Moslems is literate, though this is rapidly being remedied ; but many of these new readers are likely to learn Hebrew and English print before their own. Letter-press takes up more space than illustration and is invariably in Hebrew, except for headings, which are often in English, to attract attention. Blocks are expensive, but German immigration is increasing the demand for pictures, particularly in the English press.

Readers believe in getting full value for their 5 mils per issue (10 mils for the Friday special edition: 1 mil is a farthing); first, he and his family read from cover to cover, then it is passed on to a friend. Though an average column-inch costs half a crown—a high price for the

circulation by American or British standards—the pull of publicity, therefore, seems to justify it. All readers are potential buyers, whether immediately or when their circumstances improve. Labour is well organised and properly paid according to local conditions, and most families will make sacrifices for luxuries.

Foreign firms should have their advertisements drafted in the country and not insist on retaining their humorous or fantastic catch-phrases, which lose their point in translation.

IRAN (PERSIA)

Why an area six times that of Britain is inhabited by less than the population of London is explained by the fact that about one-third of Iran is desert and impregnated with salt. Of the rest, much can be cultivated only with the help of irrigation, rendered difficult by the want of rivers and canals. One quarter of the people are nomadic, often raiding the fertile regions and carrying off the produce. Of recent times, another form of irrigation has, however, brought wealth into the country through the discovery of the oil wells, whose output is brought to the coast by pipe-line. Favourable contracts with the exploiting concern have greatly increased the purchasing power of the inhabitants, many of whom have also found employment round the wells. With so much foreign money being spent in the country, it becomes much more worthy of consideration by the manufacturer and exporter.

Carpets and the famous otto of roses have long been the commodities for which Europeans have carried on trade with Iran, more familiarly known by its old name of Persia, but strangely enough, as the country has come in closer contact with the West and has become influenced by modernisation, the difficulties of trade have become more pronounced. Before 1914, Persia was divided into two spheres of influence, Russia dominating the North and Britain the South, and to a certain extent this still governs the lines of trade of the two regions. British trade

was largely developed by the Euphrates & Tigris Steam Navigation Company and the opening of the Bakhtiari Road (known as the Lynch Road). Lynch held a concession for building roads between Teheran and South Persia, which was leased to the Persian Transport Co. Ltd., partly controlled by the British Government. This concession, however, was cancelled by the Persian Government soon after the 1914-18 war.

Teheran is the political capital of the country, but it cannot be described as the centre of trade, since the long distances and inadequate communications render mule and camel transport necessary, besides the ubiquitous Ford car, and tend towards decentralisation. The principal outlets are the ports on the Persian Gulf, Bushire, the end of the pipe-line, Bandar Abbas, and Khorramshahr on the River Shat-el-Arab at the junction with the River Karun. Then there is Ahwaz, the river-port on the Karun, and Abadan, just below Khorramshahr, where the oil interests have a refinery. Just to the east of Khorramshahr, the Persians have built a new port, called Bandar Shalpour, at the southern terminus of the new Trans-Iran Railway. The centres of the carpet trade are inland, at Sultanabad, Kashan and Hamadan.

The largest part of the import trade passes through Khorramshahr and Bandar Shalpour, a considerable amount also going via Baghdad; Bandar Abbas, Bushire, Ahwaz and Teheran are the seats of the majority of merchant houses, mostly Persian, while the retail trade is mostly in the hands of Armenians. Efforts to start mechanical industries in Persia are revolutionising the nature of imports, more and more cotton spinning mills being established and sugar factories in course of erection, and the same applies to the manufacture of soap, leather, shoes and other articles. This has led to a large volume of

imports of machinery, such as one large contract for cotton and woollen mills. The completion of the Trans-Iranian Railway has also had a very marked effect on commerce, as it opens up regions hitherto left to caravans and infested by bandits. Foreign experts, however, have studied the ground and consider that the money might more economically have been spent on roads and road-vehicles, which is more adaptable to variations of loads; their charges would obviously be lower over the great distances to be covered.

The Persian merchant now does a fair amount of business direct with British, Continental and other oversea firms, some trade goes through British India by way of Karachi to Duzdap, but practically the whole of Northern Iran sends its orders to Soviet Russia. Merchandise bought direct is usually paid for in cash in the country of origin.

The natural development of trade is greatly hampered by the various restrictions imposed by the Iranian Government, which compels all transactions to be done by import licence: a trader has to export before he can import, and everything is governed by quotas. Since this system holds up supplies and consequently raises internal prices, this is detrimental to the country's welfare. So far, the new local industries have not offered any serious competition to Western industries, since they concentrate chiefly on articles for which Japan had practically acquired a monopoly, her share in Persian imports having risen to close on 100,000 *rials*. Before the Government intervened, the greater part of her shipments consisted of cotton piece goods, but now there is a State monopoly for all manufactured cotton.

Under the new economic régime, the tendency in Iran is for the establishment of new trading concerns, on a monopoly or semi-monopoly basis, in Teheran as well as

the provinces. Although restrictions on trade are likely to lead to a decrease in total imports, there is likely to be an increased demand for heavy goods, such as machinery and accessories, railway stock, motor vehicles and parts, in fact, any article that serves to develop the mineral, agricultural and manufacturing resources of the country.

The up-country merchant also buys direct, maintaining an agent at the port of landing to receive deliveries. There are a number of well-established foreign houses in Iran, who are prepared to handle agencies of manufacturers in all countries. These concerns, mainly British, buy and export on their own account and are not, as one might expect, supported by their Government. For when British manufacturers apply for advice to Board of Trade or consular officials, they are usually advised to approach the native merchant, as these are supposed to have more influence with the Iranian Government. Many of them know English already, having been educated in England or France.

The Persian is known as the Parisian of the East, but he still lacks the moral background of the West. Great caution has, therefore, to be exercised in dealing with native merchants, and exporters should ask for an advance payment with orders, unless they have to do with firms well known to them, while documents should be released only on settlement of the balance. One or two manufacturers of world-wide repute have their own selling organisation, as for instance the Ford Motor Co., whose cars predominate in Iran. The United States also hold the market for lorries, the majority being Fords and Chevrolets. The trucks in demand range from one to ten-ton capacity, while cars plying for hire are very popular in all the principal cities. There is a good and increasing demand for men's and ladies' bicycles, which are more widely used as the roads improve.

The Persian is noted for his acute sense of values, and so long as he can afford it, he does not mind paying a fair price for quality. This applies to many articles, but not to mass-produced textiles, where the very low prices quoted by the Japanese enable the masses to buy what they would otherwise have to do without.

The abundant supplies of petroleum create a good market in Iran for oil engines, coal being unable to compete owing to its high cost. These oil engines are used for pumping, particularly irrigation, other agricultural purposes, electric lighting, and as prime movers in factories. Horse-power ranges from ten to a thousand. Railway equipment and rolling stock are purchased by the Iranian Government from its official contractors, who place their orders in various Western countries.

Owing to the small volume of trade obtainable and the great distances to be traversed, very few firms overseas send their own travellers to Iran: yet the country is full of wealth that only awaits tapping. A knowledge of Persian is of advantage, but it is best acquired in the country; the native merchant likes to be addressed in his own language, but failing that, he is more at home in French than in English.

Advertising has developed in the main commercial centres and is found to be a good investment. Publicity arrangements are made locally by the merchant or agent on behalf of the overseas firm. Posters sent out from Europe or America are also used, usually in English or French.

The principal difficulty in trading in Iran is neither the economic position of the country nor international rivalry, but the quota system. Quotations are usually made c.i.f. Red Sea port in sterling. The local currency is the *rial*, of which about eighty make a pound sterling.

IRAQ (MESOPOTAMIA)

"Happy is the country that has no history" is a saying that surely can apply to but few territories, and to none less so than the provinces that were systematically neglected and exploited for centuries under the rule of the Turks. We know that the region between the Euphrates and Tigris was once so fruitful that it served as the model for the Garden of Eden and became the battleground of all the adjacent peoples, eager to possess its wealth. When the Arabs and Turks between them had finally trampled its prosperity out of existence, it lingered on in a state of coma, till the vision of a Lawrence roused the nomadic tribes of Arab descent to gather energy for national unity and subsequent reconstruction. Before the 1914-18 war, foreigners had made many attempts to carry on trade with other countries, merchandise being carried on camel back in caravans or in sailing vessels along the badly silted-up rivers. Indeed, there are British firms established in Iraq which have been trading there for over a hundred years.

Iraq did not, however, get into regular contact with the modern world until Lynch Brothers obtained a concession to run two steamers between Basra and Bagdad, enabling goods to reach the interior much quicker than by the native *mahalas* (sailing boats). In those early days, the principal imports consisted of piece goods, sugar and hardware; to-day, almost every conceivable article and commodity is imported into Iraq, and competition has become very keen indeed.

In cotton piece goods, Japan has captured the market by reason of her ability to produce at lower cost than any other source, though the quality of her manufactures leaves much to be desired. The same applies in a lesser degree to other requirements of the poorer Iraqui Arabs—and the majority have very little money to spend—but Britain's maintenance of her woollen goods shipments shows that at least part of the consumers have a certain regard for quality. Though the summer produces tropical temperatures, the winter nights are cold enough for wool to be used for clothing, besides the home-made camel-hair cloaks and rugs. The Iraqui is rapidly adopting European habits in all departments of his life and wears European clothing, except for the *sidara*, the national head-dress. He cultivates smartness in appearance and likes to imagine that he can compare favourably with his Western models in elegance and deportment. The demand is principally for men's clothing and materials, foremost among the latter being worsted and Scotch woollens.

Under the British occupation that followed the 1914-18 war, Iraq progressed with lightning rapidity, as illustrated by the vast engineering schemes put in hand, such as the Kut Barrage, as well as abattoirs and other public works. To re-establish the ancient fertility of the country, irrigation is once more distributing the waters of the rivers, and among the large volume of machinery imports, pumps and oil engines to drive them represent a great proportion, their size ranging from ten to a hundred B.H.P. The oil engine is, in fact, the source of motive force throughout the country, for all imaginable purposes, the oil being supplied by two great petroleum undertakings established there. The mechanics are natives, who have adapted themselves quite well to this novel work. There are a large number of small stone flour mills,

as well as some using stone and roller combined, using oil engines of fifty to twenty h.p., but sometimes one cultivator will have a whole battery of oil engines developing sixty to seventy h.p. each, or at least 200 together. The Iraq Railways have large oil engines for workshop plant and electric lighting, and generators of between 25 and 400 KVA are used for producing all the electricity in the country. Other industries that have developed in Iraq include brick-making, tanning, freezing plant, and a little cotton spinning. Textile processing, however, is confined to making the lower-grade woollens and, of course, carpets, for which the whole region is world-famous.

The types of cars coming from the United States have proved most suitable for rough roads and cross-country work so that they are bought for preference, and motor tyres too mostly come from there. The principal characteristics required for this market are low price, high clearance and high power, the cheapness of petrol making economic consumption of little consequence. Horsepower should not be less than twenty, and the maximum price about £180, the cost of a Ford car in Iraq. Servicing and spare part supplies should be of the best, since American manufacturers are noted for these points, and garages equipped as service stations are available in every important area. Bicycles are becoming more widely used, both for work and pleasure, and there is a demand both for the cheaper and better-class machine.

The transfer of the Iraq railways from British Government to official Iraq ownership has been dragging on ever since the emancipation, and the full effect of the change has not yet been felt. No doubt they will be maintained at the same high level of efficiency and extensions will continue to be made, while the security of payment should

not be imperilled. Machinery is mostly sold on long credit, ranging from two to three years.

The internal security guaranteed by the British régime has greatly benefited the country, and subsequent disturbances in high political quarters have not been able to shake it, the eternal guerilla warfare between tribes having gone out of fashion. Thus, manufacturers of all countries are beginning to consider this era of peace and prosperity as likely to continue, which will make the market well worth cultivating. It is true that losses have been incurred by foreign firms in Iraq, but these have mostly been due to careless trading rather than the incidence of more than normal defaults.

The best way to enter the Iraqi market is to deal with large mercantile houses already established there. Most of these pay for their purchases at their London offices and take all credit risks on resale. This is a very important consideration, as bad debts due to inadequate information are the greatest danger in Iraq, particularly with regard to machinery, where long-term credit has to be given. In smaller lines, the native dealer in Baghdad and other commercial centres likes to deal with the overseas manufacturer direct, feeling that he is thereby paying less. Actually, of course, one should not undercut one's large-scale customers when engaging in such direct transactions, but there is no reason to discourage them so long as payment is safeguarded. The policy adopted in certain official quarters of trying to eliminate the foreign merchant in Iraq is not only mistaken, but very shortsighted, as he is the only medium of ascertaining the trustworthiness of customers and keeping them up to scratch with their payments. Without reliable advice on the spot, the foreign manufacturer cannot be expected to shoulder the financial risk that is inseparable from big business, and this applies

to all other Eastern markets. In the smaller branches of import trade, competition is not so great and the margin of profit larger, so that some risks are justifiable. The native trader may be induced to pay cash in London, if it suits him, but otherwise he may repudiate the bargain, if the market goes against him, and then the shipper loses his money. Alternatively, it often happens that one of the local merchant houses may be approached to get him out of trouble.

The following are some of the more important merchant houses in Iraq, with offices in Baghdad, the names being given in alphabetical order:

African & Eastern Trading Corpn.

Andrew Weir

Birch Mar

David Sassoon & Co.

Lynch Bros.

Selim Homsy & Co.

There are other firms of first-class standing in Iraq and their names may be obtained from the British Chamber of Commerce in Iraq.

The principal commercial centres are Baghdad, Basra, Mosul, Kirkuk, Mosul being the headquarters for the petroleum wells. The bulk of trade, however, is done through Baghdad, where merchant houses not only buy for their own account but do a lot of indent business. They supply the large wholesalers and, in some cases, the more important retail stores. As in other Eastern countries Iraqi trade falls into two distinct classes, that of the bazaar and the European, of which the former is more important. Many Baghdadi merchants formerly had buying offices in Manchester, but these have now been transferred to Japan. The Baghdadi merchant catering for the bazaar trade may

also act as factor, selling to dealers in other parts of Iraq, giving credit, which he prevents from being abused by successful methods peculiarly his own.

Advertising has become as important a factor in selling as it is elsewhere, the local press, both English and Arabic, being the essential medium. Hitherto, pictures have made the principal appeal as against letter-press, but the population is becoming better educated and papers are more widely read. Space is bought in the same way as in Western countries, but the Baghdadi merchant is usually the person who inserts the advertisement, either on his own account or from appropriations allowed him as agent for overseas firms. Outdoor publicity has also developed, and electric signs, posters, etc., follow Western lines. Brands are of supreme importance, and these may either remain in the foreign language or be translated if suitable.

The visits of foreign manufacturers' representatives are a direct stimulus, even though their round of customers, in company with the local merchant, may not produce a single immediate order. The better-class native is flattered by a call from the foreigner, and as often as not the order ensues later. In addition, this keeps the manufacturer in touch with his agent and with local conditions.

Since Iraq was emancipated, the tendency has increased for preference to be given to indigenous suppliers over foreign merchants. This is particularly noticeable in Government purchases, being probably due rather to nationalism than to a desire to economise; for, while Orientals are always ready to undercut when tendering, it does not follow that the same quality or service will be given. The native dealer still falls far short of the financial backing and reputation for straight dealing enjoyed by foreign firms, and his primitive organisation does not

enable him to offer the same service as his long-established Western rival. Overseas manufacturers gravely embarrass foreign merchants in Iraq by quoting for the same goods to several prospective customers: this results in a contract being booked at a lower price than the manufacturer might have obtained if he had practised loyalty towards one merchant, and the lesson applies not only to Government orders but to private business also. The former have become quite important, including as they do material for the Defence Force, irrigation schemes, electric undertakings and railways. Municipalities also buy plant for various works, but on a small scale only, the real business being done in Baghdad. In this connection, foreign merchants in Iraq have had to complain that the Crown Agents for the Colonies are definitely entering into competition with private business, accepting orders from the Iraq Government, although the mandate no longer operates. This trading with a foreign Government would leave the merchant firms with nothing but the more doubtful business, and it is hardly likely that they could keep going in the face of such risks.

(2) INDIA

BRITISH INDIA

WHOEVER has heard two Indians belonging to different tribes conversing in their best English will probably have derived some amusement from their errors, but if he is a thoughtful man he will realise the problem facing the import trade in that vast country. Of a population of over 300 millions, hardly ten millions can read or write, while there are over a hundred different dialects, about ten of which are important, being spoken by over a million Indians. It is fortunate, however, from the point of view of commerce at least, that these seething masses have thrown up their own hierarchy in the economic field, so that certain well-defined classes or castes engage in business and finance, acting as intermediaries between the villagers and foreign merchants.

India produces rice and other cereals, cotton, jute and other oil seeds, as well as tea and tobacco. Coal and iron are mined, unfortunately not close together or in proximity to the limestone used in furnaces, while native coal is inadequate to the needs of the large industrial complex that has grown up round her raw materials. Sugar cane is sufficient for internal needs. The hot climate reduces human energy and human needs, and the fertile soil would amply suffice to feed an enormous population per square mile if harvests were not so dependent on the rains produced annually by the monsoon winds. Thus, India's

pre-British history consists of years of prosperity alternating with famine, variegated by the raids of savage mountain peoples on the rich larders of the unwarlike plainsmen. Nowadays, enormous barrages and reservoirs conserve the water of the principal rivers for irrigation during drought and epidemics of cholera and other infectious diseases no longer have their tens of thousands of victims. British rule has brought security and sanitation, and the modern use of India's rich raw material has drawn a million or two of workers into factories. Output per man or woman is low, so that the standard of living is not much higher than among the agricultural population, but there is a definite demand for Western inventions and luxuries, limited, of course, by low individual spending power. Often, however, a whole family, consisting of several households, puts all its savings together to buy a more expensive article like a sewing-machine or radio, or even a motor car.

The market for finished textiles used to be monopolised by Manchester, but the greater part of it is shared by Indian industrialists with Japan, so that openings only remain for better-class goods, bought by Europeans and prosperous Indians. Domestic pottery is almost all home produced, but metal and enamelware are imported, and if convincing arguments can be brought for the efficiency and lasting qualities of a utensil, the canny Indian is the first to appreciate them.

It would take many pages to detail the various kinds of machinery that can be sold in India, and even then the specialist information for each kind of trade would have to be sought on the spot at the time when offers were being prepared. Suffice it to say that, since the beginning of the century, enterprise has been directed at working up the country's products internally with the help of modern

implements driven by oil and steam engines. Cotton ginning, seed crushing, tea drying and grain processing are just a few instances from what would be an endless catalogue. As a machine buyer, the Indian is constantly at war with himself between the contrary urges of efficiency and economy. He sees and admires a fine new apparatus, he buys it, and then, as often as not, he tries to get it copied in local workshops. When it is noted that high-grade steel and wrought iron work cannot be produced locally up to the quality of Britain or the United States, an idea can be formed of the disappointments that such imitations must produce, even if some of the most critical components used are of genuine foreign manufacture. After a failure or two, the Indian returns repentant to overseas products, in which he has a genuine confidence, but there are other factors which make the life of a machine importer a series of ups and downs. The native mechanic and machine minder have not had time enough to acquire the high degree of skill and care current in Western countries, so that premature wear and frequent breakdowns are the order of the day. Furthermore, the owner expects his purchase to last for ever and seldom sets aside the money necessary to replace it after its reasonable life. When we add to this the distances over which goods have to be shipped to reach India, we see that a local warehouse is absolutely essential to build up and retain goodwill, and that it must be very heavily stocked with spares and, if possible, employ one or more foreign service mechanics.

To sell machinery in India, local representation is necessary in Calcutta or Bombay, preferably in both. Most of the business in all the more important types of machinery is done with Indian Government departments, municipalities, railway companies, port authorities and large industrial undertakings, such as mines and textile

mill. As elsewhere, tender forms are issued to all firms on an approved list, and requirements are also advertised in the local English press, but the manufacturer abroad has little chance of competing unless he is represented in India. An agent on the spot is a convenience which customers in India have come to regard as a necessity. He can engage in preliminary discussions regarding design, and listen to the customer's suggestions based on experience. He is also in a position to hear in advance when tenders are going to be called for, and will then drop in for a friendly chat with the buyer and persuade him that his firm can deliver the goods.

Payment is made on delivery, by letter of credit and, in the case of smaller customers, a deposit with order may be asked for. Some Indian firms open credits through their banks direct with suppliers, but these are rare.

Factories requiring bulk supplies of goods in constant demand often contract for deliveries for a year ahead, but the majority have to be sold stock from the Indian warehouse. Such bulk purchases should be encouraged by substantial concessions.

Goods sent out to India should be invoiced to the agent at factory valuation plus cost of freight, insurance and packing, in order to pay the lowest legitimate duty, and he can then charge them to the customer at the selling price. This necessarily means having an agent whom one can trust, as no more than the declared price could be recovered from him in the Indian courts, but then all sorts of marvellous qualities are required of a representative who is to help an exporter to break into the Indian market. He must make a long round of calls and convince various buyers that his principals are worthy of being included in the list of approved firms who are to be called upon to tender. It is of supreme importance to be able to

say that a firm is a supplier to one of these public undertakings, as it serves as a supreme recommendation to other customers. Buyers will then probably call at his office to inspect samples of the goods in question, and he must be able to talk about them as if they were his own manufacture.

In dealing with the buyer who does not bother about tenders, mutual confidence and co-operation are of considerable importance. He is likely to confine his custom to suppliers, or even agents, who have given him satisfaction over a number of years, even to the extent of disregarding slight differences in price, trusting to be given the benefit of genuine reductions warranted by the state of the market, and this trust must not be abused.

Another difficult task for the agent is to make Indian customers use their purchases under proper conditions, favourable to the longest life; in the case of power machinery of any kind, for example, they must be persuaded to install adequate foundations and employ sufficiently skilled workmen to secure the proper alignment of transmission belts or couplings. This is particularly applicable to small users of irrigation apparatus. It is often vital for an Indian branch office to retain the services of a consulting engineer to advise and support its manager in dealing with customers.

India's high temperatures, aggravated by jungle humidity in the plains, encourage a demand for refrigerating apparatus, domestic and commercial, and the latest in air-conditioning for public and private offices. Air-water cooling is also in wide employment for refrigeration and internal combustion engines: of mechanical, spray and tower patterns, the first-named are most useful where not much water is available. The scarcity of this makes India a first-class market for drilling machinery, since agriculture

is restricted to a few months in the year unless irrigation or wells allow three or even four harvests to be raised. Pumping machinery is now operated mostly by heavy oil machinery, which enables water to be delivered at a penny per thousand gallons. The poor quality of Indian water calls for the wide employment of domestic and industrial water softeners and purifiers, the limits being financial only. Filters are in more established demand.

Apart from Ceylon and Assam, India proper is a large producer of tea, so that machinery for drying, dust extracting and grading, as well as plant spraying, find a ready sale. The protection of fields against straying cattle is on the increase and requires large amounts of wire netting.

There are about a dozen departmental stores of any size in India, all of them British. The oldest is the Army and Navy Co-operative, established 1888, with branches in Calcutta and Bombay, while most of the others are established in all the principal centres, including Madras. Originally, their customers were all Europeans and the wealthier Eurasians and Indians, their prices being considered too high by even middle-class natives, and no attempt was made to cater for the lower trade. To-day, all this is changed, and all departmental stores have entered into competition with the bazaars, not only as to the class of goods stocked but their prices, which have become much keener. Even now, there are many articles which one can get cheaper in native shops, but more and more Indians are attracted to the departmental stores by value, reliability, and above all, by the service provided. For instance, a customer enters a bazaar shop and asks for a bottle of ink. After some bargaining, the price is agreed upon, but the salesman never thinks of trying to sell him something else he might want; no free delivery is offered,

and no assurance is given as to the quality of the merchandise. In the case of food, particularly perishable commodities, including canned goods, bazaar traders are apt to be careless and even dishonest. If they have a few "blown" tins of fruit, they may pierce them, let the air out and solder them up again to sell as fresh. Empty bottles of proprietary goods may also be refilled with inferior contents and sold under the original label. The gradual Westernisation among Indians of all castes also leads to preference of the superior quality obtainable at departmental stores. Not that this is likely to extinguish the small retail trader, as seems the tendency in more advanced countries; his existence is unlikely to be threatened so long as there are poor people earning between ten and fifty rupees a month, as his great strength lies in the lowness of his overhead expenses, enabling him to cut his profits almost to vanishing point.

The tactics Indian merchants will adopt to get business may be illustrated by the following example. Certain Indian retailers in biscuits and allied lines bulked their orders and passed them through an indent clerk in an importing house to the manufacturer overseas. The clerk got a small commission, but the goods were obtained direct at rock-bottom prices and were sold *at cost*, the profit consisting only of the proceeds of selling the cases and nails comprising the packing.

The departmental store draws the Indian public particularly by the light, clean and airy sales rooms, the restaurant offering meals and refreshments at attractively low prices, and the freedom from constant persuasion to buy. Nevertheless, executives are convinced that Indian customers do not come in merely to snatch at bargains or enjoy the free conveniences; most of them certainly leave with more purchases than they intended.

Departmental stores are the chief medium of introducing new Western articles and ideas and educating the Indian people to a better standard of living. Factors supplying bazaar shops buy large quantities of imported goods, but not until they have been popularised by the great stores, whose reputation enables them to give a lead.

Departmental stores buy direct from local manufacturers and from agents and importers handling foreign goods, established in Calcutta or Bombay. They hold large stocks of all articles and do a great mail-order business with Europeans in remote parts of India, wealthy Indians living in smaller towns and the native rulers of the various States. The Indian Post Office has a very good system of payment on delivery, whose local name is V.P.P. (value post payable), the fee charged being very moderate. The catalogues of departmental stores are all in English, and their publicity is normally done through newspapers in that language. Only when they have an important bargain sale, or a clearing line specially suited for Indian customers, do they advertise in the vernacular papers.

A complete newspaper campaign of India must be couched in at least ten languages in order to cover the more important of the 1,500 papers and 3,000 periodicals. Native papers are not well printed and offer poor opportunities for display. Still, the majority carry many advertisements, the rates being low—from 4d. to 5s. an inch. The average Indian advertiser is more concerned about his expenditure than the presentation of his advertisement. There is no doubt that newspaper publicity would have progressed more quickly but for the bargaining which extends to the rates charged, and to all prices in India. Newspaper proprietors are left with such a small margin of profit that they cannot improve the printing and

appearance of their journals. Although larger Indian concerns and natives who have been abroad are increasingly patronising newspaper publicity, the chief advertisers are still foreign firms, whose custom has created numerous advertising offices.

The chief articles advertised are proprietary lines, such as patent medicines, toilet goods, cigarettes, oil, motor vehicles and accessories. The predominance of illiteracy in the villages is somewhat alleviated by the practice of more educated persons spending an anna on a newspaper and reading it out to a crowd of twenty or thirty people standing round him. Thus, native newspapers may have quite small circulations but may influence many more "readers." If an Indian is interested in an advertisement, he will cut it out and often react to it as long as a twelve-month later.

As indicated by their garments, Indians are exceedingly fond of bright colours. This accounts for the popularity of poster publicity, which also helps to solve the problem of approach to the many millions who cannot read. The gaudier the picture, the greater the attraction, but since it must also convey the whole of the intended message, apart from any reading matter, the picture must represent the article advertised and a symbol announcing the brand name. For instance, if a tyre is advertised with a flag on it, the intending purchaser will be able to ask for the "flag tyre." Brands incomprehensible to the Indian must therefore be avoided as much as the indirect means of inducing Westerners to look at advertisements. The colour and boldness of design will attend to that, and all else must be simple, clear and direct.

Foreign firms also advertise largely in vernacular papers, and no charge is made for translating the "copy." It is advisable, however, to have the translated proof read

by an expert, as when blunders occur, they can be appalling, so that the advertisement does more harm than good.

Indian artists are not usually very successful at commercial work. Their artistic groundwork is inadequate and they are in too much of a hurry to start on difficult subjects before they grasp the elements. This, and an ignorance of applied psychology, would be cured by the foundation of a school of commercial art.

Where figures are used to illustrate advertisements throughout India it is best to make them as nondescript as possible; for a figure of a Hindu using a brand of soap or medicine is enough to deter a member of another community. Most consultants advise the use of European persons in posters or illustrations as the safest and most successful course, particularly in towns.

Climatic conditions must be kept in mind when one deals with India, not only in the packing and materials connected with goods sent out there, but in the material and printing used for outdoor advertising. Only the best ink and dyes will resist the heat and the rain for any length of time, and first quality enamel signs are a good investment.

CEYLON

Ceylon is just a little fragment broken off the Deccan, but being almost entirely covered with forests, it has a rainfall distributed practically throughout the year. Four million inhabitants live in an area just less than Scotland's, there are no industries except the preparation of primary exports, but as these consist of tea, rubber, cocoa and coconut and other nuts, they provide a purchasing power that, even in the worst of times, is never negligible. Even when prices are low, Cingalese and Westerners require machinery, clothing and household articles, as well as a certain modicum of luxuries, and everything manufactured has to come from abroad.

Most of the trade passes through Colombo, which is the fifth most important harbour in the British Empire for inward and outward clearances. Lying at the convergence of shipping routes to Bombay, Aden, Zanzibar, Capetown, Calcutta, Singapore and Fremantle, it does an enormous entrepôt trade. Here are located most of the merchant firms, who have buying offices in London, and in the case of piece-goods, in Manchester also. These undertakings also act as representatives for British and other manufacturers, and there should be no hesitation in entrusting one's business to them, once inquiries have proved their standing to be satisfactory.

The terms of payment in this market are initially by letter of credit opened in the shipper's favour; when business relations have been going on for some time to

mutual satisfaction, the supplier draws documentary bills at 60, 90, or 120 days' sight, the first two periods being more usual.

Prices should be quoted c.i.f. Colombo wherever possible, and agency arrangements are best made with a European—not an Asiatic—firm in that city to cover the whole of Ceylon. The policy of selling to all comers is not advisable, because it is difficult to ascertain the standing of Cingalese, Indians, Tamils and others. Reliable information as to the trustworthiness of a Western trade can however be obtained with very little trouble through the usual banking channels or from credit inquiry agencies of international reputation. The disadvantage involved in exclusive agency contracts can be minimised by limiting the period of such an agreement and by sending out a representative to review the work accomplished towards the end of the probationary contract. The agent will then take the visitor round the principal customers, so that complaints and difficulties can be discussed and future policy decided upon, and this procedure should not be omitted on any later occasion. Such a mission to Colombo, say once a year, is not likely to prove a heavy addition to overheads, as the stay there need only be one or two days and would fit in well with calls at other Asiatic centres.

Advertising in Ceylon is as important as it is in other markets, and the methods adopted have improved with time. Originally, the style was very primitive, advertisements consisting of bare statements frequently reiterated and unattractively displayed. The advantages of scientific methods were only realised after the 1914-18 war, when an effort was made to imitate Western ways of publicity. On his visit to Ceylon, the writer found no European advertising agents in the Colony, though it would appear

that there is plenty of scope for an enterprise of that kind, with plenty of modern experience at its disposal. Some of the larger business houses in Colombo have their own advertising departments, in two or three instances directed by British experts, but mostly Europeans with training in that field. They are responsible for layout and copy-writing, preparing catalogues and other duties which cannot be left to native employees.

Good advertising undoubtedly pays in Ceylon, perhaps even more than elsewhere; for the people here read everything more carefully than in places where literature is poured out in a bewildering stream, and the effect on them of publicity is greater than if there were more quantity and variety. The average Cingalese does not know the difference between good and bad advertising, but the subconscious effect on him is what brings the returns that encourage the advertiser to persist in this expenditure.

Being the port of call for a tremendous number of ships, Colombo has a great tourist traffic, making its sale of European merchandise much larger than could be expected from either the town itself or the district it serves as a distributing centre. For this reason, too, the proportion of high-grade goods called for is extraordinarily high, particularly those sold by departmental stores and fancy goods shops. Visitors are often astounded at the magnitude and splendour of these stores, which are obviously out of proportion to the size and population of the town. The explanation, however, is soon gathered when one observes the streams of tourists and crews from steamers, all of whom have invariably some shopping to do before their boat sails, and most of their money is spent in the larger establishments.

Thus, these departmental stores are an important

medium for the sale of manufactured articles and provisions in the colony, for they have also branches in other parts of the island. They usually import direct, their credit standing is of the highest, and as they are all British owned, their trading methods are entirely on western lines. Their orders are mostly for quality goods, and as far as possible, they confine themselves to goods of Western origin. Recently, however, Japanese competition has made itself increasingly felt, though this has affected the bazaar trade more than the quality market. Direct contact may be obtained with these stores through one's agent, and their custom is well worth getting.

The Cingalese are an intelligent people, anxious to make progress on Western lines. They are much less ebullient than the Indians, and in the mass they may be considered a superior type: this seems proved by the fact that practically all coolie labour in Ceylon is Indian. A great many Cingalese speak English, and thus Press advertising generally follows conventional European lines, without any great need for adaptation to local peculiarities. Another sign of intelligence is the indignation aroused by the excessive plugging of advertisement slides in cinemas, when so many picture-goers waited outside until the entertainment proper began that a bell had to be rung to call them in.

BURMA

A territory twice as great as the British Isles possesses enormous forests of valuable hardwood in the interior and a large exportable surplus of rice. The natives are industrious but indolently minded and leave commerce and enterprise to foreigners—Europeans, Indians and Chinese. Rubber is another considerable export, and the prosperity of the country depends mainly on the price obtainable for this, as well as the demand for rice from adjacent lands.

Compared with British India, Burma is a small market for Western manufacturers, but the growing tendency among Burmans and the numerous Chinese and Indian population to use articles of foreign style makes their custom well worth cultivating. Producers of chemicals, machinery, milk products, automobiles, sewing machines, matches, textiles and a few other lines are considering it worth while to open their own offices in Rangoon, the political and commercial centre, but the usual practice for other manufacturers and exporters is to appoint a large mercantile firm to represent them in the whole of Burma, or give it the sole selling rights for the territory.

The importing agent pays for the goods ordered in the country of origin. Orders are taken by him in the form of indents and drafts are drawn on the customer at 30, 60, or more days' sight, with extensions up to six months, if required, at the current rate of interest. The importer employs a salesman—generally termed the bazaar clerk or

bazaar salesman—and if the lines handled are numerous, more than one will be engaged to get orders in the bazaars. The Burman has neither the inclination nor the temperament for selling, so these "clerks" are mostly Chinese, Indians, or Europeans of long residence.

Sometimes the Rangoon merchant feels that he knows too little about the article to deal in it with the bazaar traders himself. He then appoints a distributor to cover the market for that particular line, the latter being a specialist who has not enough capital to act as importer himself. In such circumstances, the agent will have to be content with a commission of $2\frac{1}{2}\%$, while the distributor will get anything between $2\frac{1}{2}\%$ and 10% according to the nature of the article. Burmese distributors are usually Indians or Chinese, sometimes domiciled Europeans or Jews from Baghdad or Persia.

The bazaar dealers are also principally Indians and Chinese, and their most prominent characteristic is that they carry stock, selling both wholesale and retail and catering also for the up-country trade. They do not send out salesmen, but country dealers periodically visit Rangoon and make the round of the bazaars, ordering goods which they believe saleable in their home territory. Some of the larger suppliers overseas send out travelling representatives from time to time to visit the bazaars and book orders direct. These generally do quite well, since the dealer in Burma likes to be called upon by a distinguished foreigner and specially exerts himself to place an order, even if business is not too good. Another selling medium is the commercial advertising train periodically run by the Burmese Railways as a sort of travelling exhibition for every class of goods.

Indians and Chinese, who form the bulk of the business community, differ considerably in approachability: the

Chinese regards the salesman as a valuable and indeed indispensable collaborator and will always receive him well. The Indian trader, however, is very suspicious, and instead of giving his whole mind to the proposition put before him, he will always be thinking "Whatever is this fellow trying to get out of me?" The Indian is also a very slow business man; in many cases, he cannot decide for himself, as the undertaking is a family concern and elders must be consulted. There is nothing like that about the Chinese: they are keen buyers, quick to decide, always seizing an opportunity presented to them and usually doing a larger volume of business than the Indian.

The Chinese contents himself with putting on a small flat-rate profit on all he sells, and has the advantage over the Indian of fanatical belief in financial soundness from start to finish. The Indian, on the contrary, beginning with little capital, will rush straight ahead to work up the largest possible turnover and accept credit facilities right and left regardless of over-trading. His procedure is to sell advertised lines at nearly cost price and sometimes below it, hoping to recoup himself by making a large profit on other goods. When a salesman calls on an Indian trader in Rangoon and states his terms, he will always be met by the plea that cash payment is impossible and that at least a month's credit must be granted if an order is to be given. If business materialises on credit terms, he will often ask for deliveries to be made at thirty days' intervals: then, if he has miscalculated his future money resources, the second consignment will help him to pay for the first. In an emergency, the goods are sold at a loss to enable him to retire the bill and maintain his credit. In this way, he starts a circulation of goods which will lift him out of the dealer class into the merchant sphere, unless something goes wrong with his customers

or trade in general. Thus, the Indian in Burma is chiefly interested in credit, while the Chinese are attracted by the best cash discount. Generally, price is more important than quality for both, but there is a great faith in the country in well-advertised lines, even new introductions being well received if assurance is given that they will have generous publicity.

Payment by instalments is a system hardly practicable in Burma, as a defaulting debtor may always take refuge in the Shan country and there be immune from legal proceedings.

Some bazaar dealers of long-standing reputation do, to a small extent, engage in direct trading with overseas firms, particularly with those who are not represented at Rangoon. Control is exercised over such transactions by periodic visits of commercial travellers, and sometimes the suppliers ensure the safety of their outstandings by a small *del credere* commission paid to some local house.

The media for publicity in Burma are the Press, billboards, hoardings, electric signs and the cinema screen. One of the most direct and popular appeals to the Burmese market is through the *Pwe*, a kind of play or opera performed in the open. Among the performers are clowns, who introduce impromptu patter about various merchandise in their jokes, which are greatly enjoyed by the public. These entertainments take place all over the country, particularly at festivals. The advertiser gives the actors five or ten rupees, tells them something about his goods, and then they will introduce them into their patter. Some firms also provide such theatrical companies with back cloths bearing advertisements in Burmese.

Owing to the difficulty of compiling reliable mailing lists, postal publicity has not been exploited to any great extent in Burma. The three great departmental stores,

established in Rangoon with numerous branches throughout the country, are the only users of this method, but their catalogues are sent mostly to Europeans and the more educated and richer Asiatics.

The Western sales executive commands the greatest respect among dealers, and if he possesses personality and has a knowledge of the vernacular, his results far surpass those of any other salesman. The Indian is persuasive and often works with dogged determination, so that he has fair success, but he is under the disadvantage of being distrusted by his own kind and the business world in general. Chinese salesmen, on the other hand, have a reputation for soundness and honesty, being respected by all classes in Burma. The Burmese themselves are much too easy-going for such employment, and though as a race they are far more literate in the vernacular than other Asiatics, Chinese and Indians, particularly the latter, will pick up English far more readily. This is of the utmost importance, since most of the transactions are concluded in English, the contract being read out to the dealer and signed by him as evidence of his satisfaction with the terms.

Though no newspaper in Burma has a circulation of more than 5,000, they have a much stronger drawing power than might be judged from these figures, the reasons being the same as already stated with reference to British India. Recognising this, overseas manufacturers and local agents find it necessary to advertise in all three English dailies, as well as the vernacular Press. Another reason for this is that the mass of Asiatics in Burma is far less interested in the advertisements than in the political news, and advertisements must be attractive to command attention, pictures predominating over lettering. It would be useless to publish in Burma advertisements

devised for India or any other Eastern country, and this is particularly true of human figures. The Burmese is much lighter in colour than the Hindu and has Mongolian features. Care is also necessary with translations of "copy," as newspapers cannot be trusted to perform this service properly and their versions may lack lucidity and force, two very essential factors in appealing to the Burmese reader. Strangely enough in view of these difficulties and dangers, Rangoon so far does not possess an advertising house of note, staffed by people who would familiarise themselves with the frank, hospitable and happy-go-lucky character of the Burmese.

Stories of an historical nature dealing with pagodas are good media for advertising in Burma, as they sell very well and are extensively read by the people. Advertising stunts in the form of processions of automobiles, decked with coloured placards, with a band playing, also appeal to Burmese and are undertaken quite frequently in the towns.

SIAM

Wedged in between the British and French spheres of influence, Siam closely resembles Burma in natural features except for the very narrow strip of coastline and the relative unimportance of its rubber exports. The country's main source of purchasing power abroad rests on a surplus of rice, since its timber resources are not yet being exploited to any extent. Nevertheless, Siam continues to be one of the few Asiatic markets where economic conditions remain fairly stable in spite of a period of low quotations for rice.

Since almost the whole of the population is engaged in agriculture, its purchases from abroad are necessarily at the lower end of the price scale, and the chief supplier has been Japan, with Germany as a good second. Recently, however, Japanese prices have been hardening, and countries with higher wage levels have been able to get a larger share of Siamese trade.

The only change in trading methods is the growing readiness of the Siamese to engage in commerce, whereas formerly those who were above having to work in the paddy fields felt that trade was unworthy of them. The bulk of business dealings are still in the hands of Chinese merchants, with a fair number of Europeans in the import trade. In Bangkok, the centre of all Siamese overseas trade, these Chinese will mostly be sound men, and a good Chinese trader is as trustworthy as the best European. The importers among them generally buy on their own

account, corresponding in English and arranging payment through the usual banking channels. Where relations have reached the established stage, terms for Siamese buyers are usually sixty or ninety days' draft, documents against acceptance, but initially intending purchasers will not refuse to open a letter of credit through a local bank. Shipments are effected to Singapore, unless made by the East Asiatic Company's steamers from the Continent or Middlesbrough, when they reach Bangkok direct. In the former case, the goods are transhipped at Singapore on river steamers.

Matches, soap and cement are manufactured in Bangkok, and these consumer goods are well advertised locally. Publicity and its drawing power have steadily been increasing, as the educational system is improved, all the usual media being employed, of late years even the screen. Six daily newspapers are published in Siamese, with an average circulation of 4,000, two in Chinese, and three in English, selling about 1,000 copies each. No papers appear outside Bangkok, whence they are sent out by morning train. Space rates are about 2·40 Ticals per inch (1 Tical is eighteenpence), non-English papers charge 20% to 30% less. Layout has reached a fairly high standard in Siam, as the people are artistic. Apart from manufacturers, Siamese merchants advertise very little, as they expect this support to be forthcoming from the suppliers of foreign goods.

The most important selling factor in Siam is the *chop* or brand under which goods are marketed. Primarily, no one is interested in the origin, supplier or distributor of an article, so long as its *chop* is known. Whether it be whisky or cigarettes, motor cars or soap, what sells them is the picture under which they are advertised, which should illustrate the name under which they are known.

"Elephant," "Tiger," "Lighthouse" are popular brands throughout Siam for all manner of merchandise, coloured pictures impress not only the natives but the Chinese, who constitute an important part of the population. Up-country, many are still illiterate, and for them the picture is everything. Nevertheless, posters and the climatically more suitable enamelled metal signs are often made up in three languages—English, Siamese and Chinese—the writing being printed in on the imported pictures. Simpler blocks, however, can be made in the country.

The only distributors who advertise are the departmental stores, numbering five, which are all in Bangkok, but do a considerable mail-order trade. They have much less native competition to contend with than in India, since the bazaars only deal in the cheapest class of imported goods and are patronised by poorer natives and Chinese. The oldest departmental store was opened over fifty years ago (Badman & Co.), the most important belongs to Whiteaway Laidlaw & Co., both with headquarters in London and buying offices in other centres. Purchases are, however, also made from local agents or importers.

A great feature of Siamese buying is their fondness for giving presents: a well-to-do Siamese will have as many as seventy-two identical articles and present them to as many priests during the Buddhist Lent, which starts in July and lasts three months. The popularity of Western goods is due mainly to the influence of travelled Siamese, with royalty setting an example. Large numbers of students go to Europe and the United States every year, and on their return they and their families rapidly increase the demand for imports.

It is good policy to appoint a sole agent or buying

distributor in Bangkok for the whole of Siam, as indiscriminate selling exposes one to the danger of price-cutting by native dealers. The result of this would be the ruin of the article affected, for in many cases it would be sold below cost as an inducement to customers to buy other more profitable lines.

MALAYA

When rubber was less than twopence per pound and tin proportionately below the remunerative price level, the fortunes of dwellers in the 28,000 square miles between Lower Siam and Singapore were at a low ebb indeed, for the territory comprising British Malaya and the Federated Malay States does not even grow enough rice—the staple food of Asiatics—to feed its population of about $1\frac{1}{2}$ millions, and its exports of spices are relatively unimportant to its economy. Though the Governor of British Malaya is also High Commissioner for the Federated Malay States, the latter are situated differently from the colony in international trade, being an independent unit represented at the Ottawa Conference. Thus, they have a whole system of Imperial preferences unknown in Singapore. This fortress and trading centre of the whole of Further India used to monopolise the whole commerce of the Malay Peninsula, even Penang being cast into the background, but a great deal of traffic for the F.M.S. now goes to Port Swettenham, the port for Kuala Lumpur, the capital. Kuala Lumpur now serves a very large area, particularly since the abolition of the five shillings per ton surcharge for direct shipments to Port Swettenham from other countries.

Now that the world is paying a fair price for Malaya's staple products, as well as her copra and palm-oil, the population are definitely spending more, and in the absence of local industries on factory lines, this market

offers opportunities for manufacturers and exporters. At the lower end of the quality scale, they will have to encounter fierce competition from Japan, minimised only by Chinese political antipathies, while in textiles there is a quota, without which the produce of Lancashire would be driven from the market.

A firm wishing to introduce its goods into this field will do best by placing its interests in the hands of one of the numerous houses, with offices in London or some other centre, who have traded over a long period in Singapore and other Malayan towns. These undertakings have long-established connections with the Chinese middlemen who attend the whole distributive trade, and they are therefore in closest touch with bazaar conditions affecting any class of goods. Where it is intended to specialise in exports, no amount of indirect representation can take the place of a personal visit, to discuss with Singapore merchants the requirements and tastes of the market.

There is a distinct increase in direct trade relations between local native firms and overseas houses. If the newcomer should feel inclined in this direction, he must be warned that, in Singapore as elsewhere, there is a proportion of weakly financed and unscrupulous concerns with which it is risky to deal. The British Department of Overseas Trade maintains a Commissioner in Singapore, who is always glad to report on the standing of local firms. Quite a few of the great Singapore business houses have branches in Kuala Lumpur, and there are other firms established only in the F.M.S. They handle general merchandise and supply the Chinese bazaar dealers, as well as rubber estates and mines.

Transactions in the bazaars are normally subject to long credit, ranging from sixty to ninety days, so that distributors must generally receive similar facilities, the

del credere risk for which is, as a rule, taken by the man on the spot. Drafts with documents attached are made out for ninety days' sight-acceptance. The Chinese dealer is always striving to eliminate intermediaries, particularly as he becomes accustomed to Western business methods. One must carefully distinguish between such an importer-dealer and the bazaar merchant who supplies the consumer direct, delivering to the plantations, the mines and the small up-country retailer. However well established Chinese firms become as importers with modernised methods, their business policy is apt to remain speculative and they develop on less sound lines than their European rivals.

Malays have no idea at all of commerce, their economic rôle being restricted to primary production, skilled and unskilled artisanship and sailoring, so that the masses seem to be fixed at their level as low consumers. The Government, however, is encouraging the employment of Malays, and openings are offered them in the Civil Service, yet seemingly without any effect on changing their peculiar outlook on life. This passive attitude to commerce is responsible for the dominance of Indians and Chinese, the latter being most important from the spending point of view. The Indian will always remit a large part of his income to his family at home and put aside some of the rest so as to accumulate a trading capital.

The F.M.S. are essentially a market where price counts more than quality, and the further one gets away from the large dealer to the actual consumer, the less importance is attached to brands. Nevertheless, the brand factor is very important in bazaar lines, and the reason for this is the illiteracy of the labouring classes in the F.M.S. Their guide in buying is a picture, on which they rely for identifying the article or quality with which they are familiar.

Some care is needed to avoid a brand which might offend the religious susceptibilities of the consumer in the F.M.S.: neither a pig nor an ox must be used, while it would be very confusing to have an automobile painted on a tin of condensed milk, a cow being more appropriate; on a tin of varnish, a car would clearly be more helpful than a goat.

Where proprietary brands, qualities, designs, etc., are concerned, the manufacturer should make a point of selling direct to his importing agent or sole distributor. The disadvantage of any other course is that if, for any reason, business falls away, it is in nobody's interest to keep the supplier informed of what is taking place, customers will, in fact, have every cause for keeping him in the dark about their desertion to another supplier. On the other hand, a merchant who confines himself to one house for a particular line identifies his interests with those of his principal.

In appropriating for publicity, the Malayan market should have generous treatment. It is no use adopting the policy of some backward undertakings by suggesting to agents that provision can only be made out of results: since there can obviously be no results without advertising. Lines that go to the illiterate classes cannot become known through the newspapers, so that resort must be had to gaudy posters, the cinema screen and the distribution of free samples. F.M.S. merchants often send a demonstrator round the estates, getting their goods known among the coolies and giving away samples; he will usually be a European, doing nothing else, with a native assistant.

In most branches of trade, an occasional visit from a principal or sales executive of the overseas firm will prove very helpful to the F.M.S. business, provided that he does not encroach on the agent's preserves. He will call on the

agent and go round the customers with the local salesman, who is usually an English-speaking Chinese. The supplier or his visiting representative mostly has a much more intimate knowledge of the goods than the general merchant in the F.M.S., who deals in a thousand and one lines; for that reason, he can inspire confidence, answer questions, explain difficulties and take back with him suggestions for improving trade. The salesman usually speaks one or two dialects of Chinese, besides Malay. The European merchant in the F.M.S. mostly knows Malay only, which is a sort of *lingua franca* in those parts.

The bigger the dealer, the more apt he is to make claims on the slightest pretext. This is why claims are of rather less frequent occurrence in the F.M.S. than in British Malaya. Traders will not go out of their way to find fault, but when the opportunity offers, they will exploit it to the full. Thus a generous settlement is usually the best policy in dealing with claims.

There is a very important trade between the Dutch East Indies and Malaya. Singapore transhipps merchandise destined for Java, and Penang handles goods for Sumatra, while reverse cargoes are mostly rice and petrol.

DUTCH EAST INDIES

Java and Sumatra are the chief islands of the 740,000 square miles populated by 50 millions or more and belonging to the Netherlands. Already the principal source of spices, the last thirty years have brought the territory immense wealth and world importance through the exploitation of petroleum wells, and though it is already immensely rich, there are parts like New Guinea whose resources have hardly been touched.

As pointed out in the section on Holland, a great deal of East Indies produce passes through the mother country, so that the purchases made in payment naturally come from the same quarter. When cultivating this market, one must therefore not fail to approach Dutch shippers in Europe. Many manufacturers and exporters, however, make the mistake of appointing an agent in Holland without making sure beforehand that he has the necessary facilities to work the colonial market. If this inexhaustible selling field is taken seriously, nothing should be considered satisfactory short of a carefully selected representative established in the islands themselves.

The Netherlands East Indies may be divided into trading areas, with centres at Batavia and Soerabaya for Java, Medan and Padang for Sumatra, and Macassar for the Celebes and Spice Islands. It is necessary to employ a firm with branches at all these centres or, alternatively, a smaller concern to cover each area separately. The course one should adopt depends on the goods handled

and may be decided by the fact that the limited number of European merchants established at these places may already be carrying other manufacturers' goods of the same kind. The majority of business houses are Dutch, but there are also a number of British concerns established there. The main preoccupation of all, however, is the export of local produce. Many of the Dutch firms have a long course of trading behind them and enjoy a first-class reputation. Information regarding such details can be obtained from the Netherlands Indies Information Bureau or the British Chamber of Commerce for the N.E.I. in London, the latter performing more than the usual functions of a Chamber of Commerce.

Importers in Java and Sumatra have mostly grown out of the old local trading houses and handle anything for which there is a demand. Recent tendencies, however, have been for firms to specialise in one or two branches of goods, though still handling everything that comes their way. Sometimes, a member of the staff may have special qualifications in one direction or another—engineering, textiles, or chemicals—and that may lead to such a department being opened.

There are over a million Chinese in the islands, but most of the Chinese merchants act as intermediaries between Europeans and natives, being engaged in store-keeping. A few also import direct from China and other countries with which they can make contact, and provided that trade information about them is favourable and the usual commercial guarantees can be obtained, there is no reason why overseas suppliers should not sell direct to the Chinese merchants of Java and Sumatra.

For this aspect, as well as all others of East Indian trade, it is of the greatest advantage to have one's own representative on the spot, if not permanently established

with an office of his own, at least on periodical visits. The personal touch in dealings with all grades of customers cannot be safely neglected, for the simple reason that it is practised by exporters from other countries, particularly Germany. For most commodities, the best time of the year to make a round of the islands is between November and June, as in the very hot months many senior executives in Java and Sumatra leave the towns for the country.

The usual terms on which business is done with the Dutch East Indies are sixty days' draft, accepted against surrender of the documents, but extended credit is given, up to 120 days, particularly by German firms, and this has become an important factor in the struggle for this market. In some commodities, importers in Java and Sumatra have to give six months' credit to Chinese traders. The credit system has been grossly overdone in the East Indies, and a contrary tendency has recently set in to shorten these terms. Private payment by instalments has developed very widely for a very wide range of goods and has, on the whole, met with success, certainly helping to expand trade.

As in Malaya, and even more so, almost everything is sold in the East Indies on the basis of a *chop* or brand. Here, too, the selection of a name and symbol needs careful study, for a choice appealing to the Westerner may not be suitable for Asiatics, though Chinese and natives can be catered for indiscriminately. This should be in Malay, which is current here also, while articles intended for Europeans must be labelled in Dutch. It is a fallacy to assume that the people here are illiterate, for the majority command two or three distinct native languages, and Dutch is becoming more and more widely known.

With so many different factors to consider on the spot,

it is useless to attempt organising publicity from a head office outside the islands. The best course is to employ the services of an advertising agent in Batavia, from where the whole territory can be covered efficiently. Pictorial methods, preferably in bright colours, are a greater draw than letterpress, and posters are becoming increasingly popular, appealing to the natives on the highways, as well as at railway stations.

There are about a dozen well-equipped departmental stores scattered about Sumatra alone, among them a branch of Whiteaway Laidlaw & Co. They open from 8 a.m. till noon and from 3 to 7 p.m., the last hour being the busiest, when people go about shop-gazing in the cool of the evening. Dutchmen are conservative in their habits and insist on doing their own shopping, however many servants they may have. The Dutch housewife, too, has brought out from home her pride in domestic equipment, and her suppliers are unsurpassed in catering for her needs in this sphere, though they are not so strong in textiles and other dry goods. The English store is among the few which stocks everything in all departments.

The bulk of departmental store trade is European, only the well-to-do among the Asiatics deserting their bazaars, where cheaper qualities are offered. Mail order trade is well developed, being favoured by good and inexpensive postal C.O.D. facilities, as well as a similar service organised by the railways. The minimum charge is about sixpence, with 1% above fifty shillings' worth of goods. Catalogues are all in Dutch and are sent out to the richer Asiatics as well, among whom the Chinese are important customers. Twice a month there takes place in Medan the *Hari Bazaar*, when people up-country take two days' holiday to come to town by bus or car, special excursions being run.

Dutch officials, merchants and business employees come to the East Indies for a minimum of six or eight years and therefore set up permanent homes, but the style is far from being adapted to the climate, being modelled exactly on what they were used to in Holland, with heavy dark curtains and upholstery. This may explain why natives are not increasingly buying from the stores, as elsewhere in the Malay-speaking countries, but prefer to patronise their own *passars* (bazaars), which are able to compete with an ever greater range of goods.

Dutch East Indian departmental stores make a large proportion of their purchases through their European houses, but are not averse from dealing with manufacturers' representatives on tour. As everywhere else in the world, they object to buying through a middleman, since they must have the rock-bottom prices for their considerable orders.

PHILIPPINE ISLANDS

Of a population approximating ten million in an area just greater than that of the British Isles, the majority are Malays, with Chinese and Japanese next in importance. Neither the Malays nor their Spanish rulers had the temperament for commerce, so that formerly the export-import trade of the Islands was mainly in the hands of British trading houses, together with French and German ones, the Chinese controlling the lower end of both sides, i.e. buying from the Filipino and supplying him with goods. As a Chinese trader grew in wealth, he would "emancipate" some of his fellow-countrymen, in his employ as assistants, and set them up as small shopkeepers, buying from him all their stock and selling him all the sugar, hemp and spices that they could procure.

With the introduction of American methods, competition became keen, as American salesmen began to canvass the importers and factors, forcing British concerns to follow suit. The present procedure in the import trade is for overseas firms to be represented by an import house in Manila, the centre of all trade in the Islands. This will promote sales to the retail dealers in the towns and villages, and the latter have numerous connections in all the smaller places, to whom they will sell the same goods as they retail to the public at their own stores. The territory is too small for the institution known variously as the factor, jobber or wholesaler, this service being performed by the importer and the large dealers.

Old-established firms still carry any number of agencies without making any serious efforts to push their sales, but relying on old connections and their dealings in other lines—export, shipping, insurance, so to create sales. Recently, however, the presence of many manufacturers' representatives has caused a breakaway from such conservative methods, and the pioneers are an American firm of manufacturers' agents, selling to importers only on their principals' account and calling on retailers merely to promote their customers' sales. This form of salesmanship has grown in popularity, having been found most effective and economic in the Islands. It naturally requires an office in Manila, with a sales promotion staff employing detail men. The purpose of this is to stimulate the consumer's demand by making calls on potential buyers, professional men, private individuals or retail stores according to the article sold. Another effective stimulant to sales is the distribution of samples by trucks running all over the islands: this provides a short-cut across the reluctance of Chinese dealers to take the initiative in creating a demand for a new line. When this has been done for him, and then only, he will come running along and ask for a price.

Whites, Chinese and Filipinos alike figure on the selling and canvassing staff. The development of the Filipino as a salesman is of quite recent date, and as he is paid much less than other employees, there is room for his dilatory methods of sitting perseveringly in a store until he has broken down the customer's resistance. Excellent at routine work, he lacks initiative and must be given very detailed instructions. His province is principally the outlying districts, while all types of salesmen are used in the towns, where competition is fierce and the hardest propositions require drive and skill. English and Spanish

are the two principal languages required: the younger generation mostly know English, now compulsory in the schools, but the old storekeeper probably never learnt it, and since it is he who has the final say and signs the cheque, it is important to win his goodwill. In another few years, Spanish will no longer be required, as the youngsters fill their fathers' shoes.

Chinese salesmen are particularly necessary in the hardware trade, which here includes heavier goods like machinery and building materials and is mostly in the hands of the Chinese. There is a great deal of "friend pidgin" among them, and Chinese prefers to buy from Chinese. They are much more ambitious than the Filipino, who will be satisfied to work for fifty pesos a month while they hold out for 150. First-class houses pay their salesmen a straight salary without commission, taking a chance as to their ability and initiative; others give a bonus according to results and a commission as well, while a few employ commission-only men, known as "agente." These make a living on merchandise and orders picked up here and there, but their turnover and connections are usually small. Occasionally, however, an "agente" develops into a really good salesman.

Buyers in the Philippine Islands know their work and will quickly find out whether a salesman understands his goods properly, so that those who do not will soon come to grief. Social entertaining does, however, also play an important part in salesmanship.

Shrinkage of purchasing power during the world crisis after the 1914-18 war promoted a rapid popularity of selling on the instalment plan. There is hardly a store in the Islands where one cannot, for example, buy a sewing machine for four pesos down and the same sum per month, the total being 160 pesos, and the same applies to

radio, gramophones and automobiles, sold on two years' instalment credit. Most importers have a special credit department, setting aside reserves to meet bad debts, but there is as yet no credit association in the Islands, which would inform traders of the sums outstanding from individual customers. In case of default, the courts grant immediate attachment, and Philippine law works promptly and efficiently. Import houses have special collectors on their staff to bring in debts, and so do the larger retail stores; these are usually trusted Filipinos, insured under a fidelity bond, and embezzlement is rare. Filipino customers never dispute or repudiate a debt, but it is always a mystery whether they are in a position to pay. They are inclined to speculate on the sale of their crops, since most of them own a little land, and they will buy anything so long as they need not pay immediate cash. When they have money, however, they will readily part with it. Chinese merchants and dealers used to be excellent accounts, but they have recently been becoming "smart," and care is needed to select for one's customers only the best among them, or at least those with some financial backing.

Organised publicity began almost overnight with the cession of the Islands to the U.S.A. Since then, more has probably been spent on this here than elsewhere in Asia, since the Filipino loves attractive signboards as a form of identification, the sales value being more or less unintentional.

About 150 newspapers are published in the Philippine Islands, in the more important dialects, such as Tagalo, Visayan and Ilocano, as well as in English, their circulation ranging from five to seven thousand each. As they are passed from hand to hand in the large Asiatic families, however, their sales value is much greater than in Western

countries, and the rates are correspondingly high, about two shillings per column-inch in the vernacular press and up to three shillings in American journals.

Most of the publicity is done by importers on behalf of their overseas principals, since Chinese merchants do not apparently understand the value of advertising and calculate their profits too finely to allow for such expenditure. Among the Filipinos, outdoor advertising has proved remarkably popular and effective, though it is doubtful whether they understand all that they see. Humour goes down with both males and women, and Neon lights, as well as flood-displays, may be seen in Manila. The better posters are sent over from America, those produced locally being usually for the native fiestas, which are of frequent occurrence. Except for the latter, English is almost exclusively the language of publicity, since it is enough for the Filipino to grasp the association of a picture with something for sale. Though very nationalistic in politics, he rather prefers imported articles.

Philippine products are very little advertised, being mostly sold in bulk, and do not bear proprietary names, except in the case of cigars. Advertisement slides are shown at cinemas and most theatres, costing from ten to a hundred pesos (one to ten pounds) per month for five shows a day and being, for the most part, in colours. Colour is the greatest draw for the Filipino; his women-folk dress picturesquely, and the main shopping centres are a real kaleidoscope in the early evening. In advertising, red, green and a few pastels have the greatest appeal.

(3) THE FAR EAST

HONGKONG AND SOUTH CHINA

The focuses of Chinese nationalism and Japanese commercial imperialism are the two great ports created principally by British enterprise, Shanghai in the north and Hongkong in the south. The latter, not so long ago, was a desolate rock off the delta of the Canton River, and all its prosperity is the result of acting as an intermediary for the exports and imports of a hinterland containing about ninety million people, or about a fifth of China. To bring about a circulation of goods with a nation, suspicious of the foreigner, too poor in the mass to buy his merchandise and unwilling to let him develop its resources so as to increase its purchasing power—it is a romantic achievement, meriting a generous reward. To add to the difficulties of traders, internal power politics have kept the various provinces in constant turmoil with war and bandits, impeding commerce with endless *likin* (imposts) collected by the various "generals." The last and most recent detrimental factor was Japan's ambition to monopolise the Chinese market for herself together with the rich store of raw materials awaiting exploitation. The end of this phase is not yet reached, and meanwhile Western expansion is crippled, further expansion being arrested. Nevertheless, anti-Japanese feeling has dissipated the prejudice against other foreigners, and the new generation now being educated on Western lines is ready to bring China into line with the most modern ideas.

The foreign merchant in China has also had to revise his methods: until about twenty years ago, the main link between the buying and selling offices in the Treaty Ports and the Chinese customer or supplier was the *comprador*, a trusted Chinese, who dealt with his friends only among the Chinese, vouching for their credit-worthiness and the reliability of their goods. Now his role has been reduced to that of guarantor of credit or quality, as the case may be, since transactions take place direct between Westerners and educated Chinese merchants. This has led to great advantages to both sides, as the elimination of the many middlemen—the *comprador's* friends' friends' friends—produces more personal contact between suppliers and purchasers, leading to a better understanding of their respective needs. It has also provided the data for a certain amount of market research, only possible for the man on the spot, in constant contact with Chinese who have at least a second-hand familiarity with the needs of the final purchaser.

Both Chinese and Japanese are excellent copyists, and the latter even go so far as to imitate foreign brands with which they disguise goods of their own manufacture. The principal objective in Chinese trade is therefore to make one's brand as widely known among the local merchants and to impress them with the special qualities it represents, in order to forestall counterfeiting. Thus, advertising and salesmanship go hand in hand in China, and the one is useless without the other.

Of the numerous newspapers in South China, none has a circulation exceeding 30,000 daily, though each copy may be read by as many as ten people, being passed from hand to hand or read out by the educated man in a community; for as in India, the majority of Chinese are still illiterate. There are five papers owned or controlled by

Europeans, all published in Hong Kong, three of which are important. Advertising in these more or less follows Western styles and practices and is intended to appeal chiefly to the foreign element in the colony; but they are also read by the upper-class Chinese. The rates charged are high in comparison with the circulation owing to the great cost of materials and the salaries that have to be paid to the white staff. Since practically all the readers are potential buyers, however, these papers must not be neglected.

Space rates charged by Chinese papers are much lower, and though they endeavour to keep them fixed, they are mostly subject to bargaining. The Chinese are the greatest readers of newspapers in the world and will attentively study even the small advertisements, whether they concern them or not.

In order to advertise Western goods most effectively, the fullest information is required about the background in which the article in question will figure in the lives of the Chinese. For example, if publicity is being made for tooth-paste, it is vital to know whether they brush their teeth in the morning, evening, before or after meals, and whether they use a bath, bowl, bucket, or just a pump. With these facts before him, the artist will then be able to illustrate the use of the toothbrush in a manner that will appeal to the simplest coolie. Illustrations are absolutely essential, being more important than the text in a country where so many people cannot read.

The same applies to publicity by poster, which is very popular in South China and should always be coloured. Great care is needed in selecting the combination of colours, as many of them have a symbolic meaning in Chinese life: white and blue, for instance, are a sign of mourning and should never be used alone together,

though they can be blended with other colours. Red and gold are significant of good cheer and happiness, the former denoting bliss, the latter royalty. To appeal to the average Chinese, a poster must convey a message that can be referred by him to something he already knows. The beauty of a Chinese poster is its brevity: only about ten Chinese characters are needed to supplement the picture and produce an effect equal to that of a hundred words in any other language. Chinese writing creates pictures by the use of symbols, while the Westerner creates thoughts by means of pictures. Hence the impossibility of getting even a good Chinese artist to design pictures, originate ideas and compose Chinese copy. He makes quite a good artist, but the idea and initiative must come from outside. Yet, as he learns more of Western art, he gets further away from his fellow-countrymen's mentality. Thus, the creator of an advertisement or poster must be a European, furnished with authentic data of Chinese life, and he must then get it executed by a native artist, while a scribe is also necessary to write Chinese ideographs in artistic form and choose those most suitable to the idea to be conveyed.

A frequent mistake on the part of manufacturers and exporters is, in the United States, to get their publicity texts translated by an educated Chinese, or in Britain, to approach the School of Oriental Studies for the same service. Nine times out of ten, the translators are insufficiently in touch with commerce—much less so with customer psychology—and the result is stilted phrases instead of a smooth and artistic logical sequence producing in the reader a mood of sympathy and acquiescence.

Circulars are used extensively in Hong Kong and Southern China, when a special sale is being organised, when free samples are distributed, and on other special

occasions. They are not sent extensively through the post, as there is difficulty in keeping mailing lists up to date. Pamphlets are very effective as means of instructing wholesale and retail distributors, and they should aim at educating the Chinese storekeeper in the selling point of one's goods.

The first Chinese chain of departmental stores (the Sincere Company) in South Chinese towns was founded in 1900 by an Australian Chinese on the unprecedented principle that goods should be sold at the price with which they were marked. Their success has been so marked that two imitators were found in the Wing On Co. and Sun Sun Co., and all three seem to have been more prosperous of late than the two Western departmental store concerns, Lane Crawford Ltd.—the oldest—and Whiteaway Laidlaw. This in spite of Western superiority in attractive display, fine premises and experienced staff. European staff have naturally to be well paid, while even Chinese working with them receive better salaries than those employed by their own countrymen, who also get more work out of them than do the foreigners. The lower overheads and the modest profit margin on which they work enables the Chinese stores to offer minimum prices and thus cater for the middle-class native purchaser. Adopting the very modern practice of giving employees a shareholding in the undertaking, they eliminate the most serious weakness of China—disloyalty and pilfering—and whereas the Western stores close at six, the Chinese capture the best trade in the cool of the evening by keeping open till eight. Special prices are also offered to shoppers in the early morning between eight and nine, before the European houses open.

Though the Sincere Co.'s buying office is the only such institution maintained by Chinese stores, these have

always been striving for the elimination of factors and importers among the Cantonese, the keenest bargainers in China, and most of the departmental stores' buying is done from local manufacturers' agents, or even direct. As for the origin of the goods, the proportion of home products marketed was very small up to 1927, but the increase in the number of factories in South China, as well as the North, and the depreciation of the silver dollar to more than half its normal value has brought the share of Chinese manufactures to about 50 %. Chinese craftsmanship is highly skilled and receives very low wages: for example, a silk window-cord is imported to sell at \$1.30, but a slightly inferior local product costs 40 cents. It is strange that departmental stores run by Westerners have not realised the need for stocking Chinese goods, as the great numerical majority of natives, even in Hong Kong, makes their custom an increasingly important factor as their purchasing power rises.

Following American practice, Chinese departmental stores have recently entered the field of manufacture for sale from their own counters of such articles as perfumery, glassware, leather goods, electrical fittings, soap, furniture and confectionery. European stores have so far neglected local production except in confectionery and catering. Though the Chinese recognise the superiority of Western merchandise, there is a certain amount of nationalist feeling about.

Apart from their two or three large establishments, Chinese departmental stores may have as many as thirty smaller shops in less important districts, serving for the gradual introduction of Western style goods and the training of sales assistants who may eventually open small shops themselves. This is an important factor in a country where there are so few facilities for commercial training.

The attractive displays to be seen in Hong Kong and Canton stores prove that their buyers are anxious to offer their customers all the latest novelties arising in Western countries, and an article shown in London or New York may reach them before it comes to the white public in the provinces of the West. The style of display is also closely modelled on the most modern lines. This go-ahead policy has been rewarded by the growing custom of European residents in China, and more and more manufacturers overseas are granting Chinese departmental stores sole agencies for the territory covered by their branches.

SHANGHAI AND NORTH CHINA

Ever since the outbreak of hostilities between Japan and China, the progress of the "affair" was watched with uneasiness by American and European commercial interests whose far-flung connections had already suffered enough in past years through the constant provincial wars in the interior. True, the effect of power politics on commerce can be greatly exaggerated, and subject to taxation as multiplied as the old tolls and way-leaves of England, goods had been circulating without interruption. This time, too, the invasion proceeded along the main communications, leaving enormous tracts of country unoccupied and undisturbed by fighting, but not only have most of the principal towns been involved at one time or another, but there exists the danger that Japanese goods may monopolise the market to the deliberate exclusion of all other imports.

Such despairing anticipations, however, should not concern the manufacturer or exporter, anxious to find markets for his goods: if only a little more were known in the West about the mentality of the Chinese people, what wars and politics generally signify in China and what bearing they have on trade, pessimism would be ousted in favour of greater efforts to obtain China's business. Naturally, the commandeering of railways for military purposes impedes the transport of goods, but such stoppages seldom last long. Bandits are simply soldiers whose pay has been long in arrears, and their inroads are a

heavy burden, but China has suffered from these plagues from time immemorial, nevertheless her foreign trade has constantly been expanding, as her Customs statistics show. Although their risks and difficulties are much greater than those of foreigners, the Chinese are just as eager to do business. In the face of adverse circumstances, the courage and perseverance of the Chinese merchant manufacturer and farmer are positively heroic, auguring well for the country's future as the biggest market in the world awaiting development.

The greatest pains should be taken in cultivating the goodwill and winning the confidence of the Chinese, in order to dissipate the causes of anti-foreign feeling and satisfy the nationalism gradually overrunning the whole land. It seems there can be no surer way of achieving these objects than to learn the language so as to study their customs, etiquette and business methods, which should be adopted with the least possible modifications. They must be treated as equals, a procedure which they will never abuse, as do other Asiatics, and the foreigner must never meddle with their politics or internal affairs.

The commercial honesty of the Chinese is proverbial throughout the East, but their law courts suffer from an Imperial heritage of procrastination and venality. Nevertheless, sooner or later, China will recover full sovereign rights, safeguards for foreigners probably being provided on lines similar to those of Egypt, as already in force in Shanghai's Mixed Courts.

One of the by-products of the Chinese "affair" is that Japan has greatly improved and added to the road system. Even before that, the Chinese was well on the way to become motor-minded, and automobiles, trucks and motor cycles were finding an increasing sale, with the demand for accessories rising in proportion. Soon, the primitive

transport still current in the interior—camels, wheel-barrows, carts and coolies with a burden dangling from a pole between them—will be replaced by petrol-driven vehicles. Petroleum was known and used—as a medicine—by Chinese thousands of years ago, and there are probably great untapped wells to be discovered. More and more factories are being built and equipped with the latest imported machinery—textile, paper cutting, book-binding, printing, refrigerating—especially round Shanghai, Tientsin and Hankow. Electricity has also come into its own, and there is a good demand for electric wire, fittings, dynamos, motors, radio and sundries.

The present tendency is for both foreigners and Chinese to build themselves better and more modern houses and business premises. The average Chinese is impressed by an imposing structure, and this has been realised by Chinese industrial and commercial enterprise. Hence the demand for the latest design and fittings, cost being a secondary consideration. One of the features of this building activity is a lively inquiry for elevators and the machinery therefor at all China's treaty ports.

This enthusiasm for modern inventions has also extended to aviation, formerly regarded by Chinese masses with superstitious dread. Before her conflict with Japan, China was already organising passenger and airmail services and training Chinese pilots with the help of foreign experts, and the hostilities have further familiarised large numbers of Chinese with aerial navigation.

The consumption of flour is steadily on the up-grade in China, and the most modern mills are being erected and equipped with imported machinery. In North China, rice, the staple food of the people, is being most widely abandoned, and wheat products are taking its place. A similar progressive spirit is being shown in the

introduction of the latest agricultural implements. Manchukuo, one of the most prosperous regions of China, now under Japanese government, offers perhaps the best scope for this kind of exports.

The number of cigarettes smoked by the Chinese is simply tremendous, as testified by the wide ramifications of the Imperial Tobacco Company and other great concerns wherever Western branch offices can be established. Meanwhile, imports of cigarette-making machinery are already fair and are bound to increase, and there is also scope for more foreign enterprise in founding cigarette factories in China.

With China's growing industrialisation her railway mileage is bound to increase as she is able to finance extensions, particularly in the North. Rolling stock for the present lines is also badly needed in many regions.

Owing to limitations of space, it is impossible to survey completely all the different lines by way of machinery, hardware, textiles, food and food products, and so on, for which China offers a ready market. It must be emphasised however that the demand is not only for heavy or large-scale manufactures but for every kind of smaller wares. A typical example is the typewriter; more and more Chinese firms are engaging in foreign trade and equipping their offices in something approaching Western style. The one or more typewriters that those of any importance have at their disposal have so far mostly been of American origin, owing to the enterprise with which the makers established their reputation through advertising campaigns conducted by their local agents. Both Chinese and foreign residents do a great deal of travelling, so that the portable typewriter is very popular and likely to become more so. An inexhaustible opportunity exists for second-hand and rebuilt models of all kinds, their consuming

passion for cheapness making the Chinese the principal buyers.

The process of breaking into the Chinese market is neither complicated nor difficult. Smaller firms will find it their best course to appoint selling agents among the foreign firms already established at such trading centres as Shanghai, Hankow, Tientsin, Harbin and Mukden. Larger undertakings, however, will draw great advantage from setting up their own branches in China, making Shanghai the jumping-off point. To their own technical personnel they will do well to add a Westerner, long versed in the commercial ways of the country, perhaps in a consulting capacity, and the inevitable *comprador*, an English-speaking Chinese who introduces business and guarantees accounts of customers up to a mutually agreed proportion, usually 25%. In return, he receives a commission on all transactions varying between 2% and 5%. As one's organisation in China develops, the possibility of selling direct to Chinese dealers without the help of a *comprador* should be carefully considered. Price is everything when dealing with Chinese, and provided the usual precautions are taken, the credit risk is no greater in this market than elsewhere.

As for exporters who seek representation in China, they should have no difficulty in finding a suitable firm to look after their interests. The mistake must be avoided, however, of entrusting to one's distributor one's sole agency for the whole field. No concern familiar with the vastness of China will expect it, and a separate agent is necessary at every important trading centre. To take an extreme example, a sales office in Hong Kong will miss a good deal of South China business unless it has at least a sub-agency in Canton, which is only a few miles away but is acquiring more and more commercial importance.

From Shanghai, the greatest distributing centre of the Far East, it is possible to cover a good part of Northern Chinese territory, but agency arrangements must also be made at the other Treaty Ports, as well as in Manchukuo, where millions of Chinese are still flocking.

Whether one maintains one's own branch office in China or merely employs agents, head office should send out a sales executive with good technical knowledge at least once a year. Constant contact with local customers is nowhere more essential than in China. The tendency to adopt and adapt Western ways, the delight of Chinese at being honoured by a visitor from the great countries overseas, and the rapid development of internal industries, leading to an expansion of purchasing power, produce constant changes in the market situation that cannot well be communicated by correspondence.

Conditions as regards advertising are very much the same in North China as in the Southern territory, so that reference should be made to the preceding chapter. Branded goods—and Chinese conservatism necessitates a brand for every article in order that it should be remembered—should have packings specially designed for this market in bold and distinctive colours, as different as possible from those offered by one's competitors. This is more important for articles suitable for sale in the interior of North China, where suitable media for publicity do not exist except for the poster.

As a last general recommendation, whether you have an agent in China or not, you should encourage direct trading with the Chinese on strict business terms. Do not take any credit risks, cut prices so as to make them as attractive as possible, insist on letters of credit, offering all possible evidence of your trustworthiness in order to encourage confidence. The Chinese know all about

international banking practice and have facilities for opening credits through Chinese or foreign banks, many important banks being established with their own offices in Shanghai.

In corresponding with Chinese merchants, make letters brief and to the point, avoiding difficult phrases. Even if you have an agent or branch office in his town, it will please your Chinese customer to be written to direct, copies of the correspondence being sent to your representative.

Though started in South China, all three Chinese-owned departmental store undertakings have branches in Shanghai and Tientsin, with imposing five-story buildings in the former. A feature of Northern China progress is the increasing number of women, formerly confined to their homes, who now come to do their own shopping, enjoying more freedom than their Southern sisters. They are extraordinarily keen on anything new, but are equally keen buyers, making quite certain that they are not paying more than elsewhere unless the quality is better.

Departmental stores advertise extensively, the foreign in the English press, the Chinese in vernacular papers and to a lesser extent in the English journals. In order to make new lines known, the Chinese stores also occasionally send samples to customers on their mailing list, being helped in this by the suppliers. Circulars and posters are also used on the occasion of sales, but the quality of this propaganda material is not yet as high as in Britain or the United States.

JAPAN

The islands composing Japan Proper have an area a quarter more than the British Isles, with a proportionately greater population. The land, good, bad, or indifferent, is intensively cultivated, but industrialisation employs some millions of low wage-earners, since coal and iron, sulphur and copper are mined and refined. The occupation of Manchukuo has given Japan additional supplies of these and other raw materials, just as her stimulation of scientific agriculture in that country and Korea is supplying food for her rapidly growing factory population. Starting with a well-developed silk industry, Japan has branched out into all departments of textile production with the most modern machinery, mostly procured from Western sources, and her exports of matches, toys and fancy goods penetrate to all quarters of the globe, not to speak of bicycles, vacuum flasks and electric lamps.

The keynote of all this manufacturing activity is cheapness, not only due to low standards of living among Japanese factory hands, but based on a concentration of lower quality enforced by the inadequate purchasing power of the bulk of her own masses and a vision of immense markets for inferior copies of Western goods among undeveloped peoples in Asia and Africa. Its foundations were laid during the 1914-18 war, when advantage was taken of the interrupted exports of the warring countries, and Japan has achieved a strong hold

on the nascent tastes for modern mass-production articles in countries like India, Abyssinia and the Malay-speaking peoples. In her closest neighbour, Chinese nationalism has aroused a strong opposition to the purchase of Japanese goods and this was the main motive for the China "affair," having for its object the conquest of the Chinese market.

It may be asked, if Japan has such an enormous export trade and is able to supply her citizens with so wide a range of Western style articles, what chance has a foreign manufacturer or exporter of sending what are apparently coals to this modern Newcastle? Obviously, the imports for which a demand exists are those of a quality above the general run of Japanese manufacture, as well as machinery which Japan does not manufacture herself. The Japanese have a great admiration for everything foreign and are not a bit proud of their own products except in so far as they capture world markets and procure them exchange to purchase abroad. Indeed, their xenophilia frequently carries them so far as closely to imitate foreign brands and packings with an exactness amounting to forgery, in the knowledge that this will recommend the inferior contents both to their own people and to customers in other countries.

The Western manufacturer or importer who impotently gives way to despair in the face of Japanese competition in Japan itself and elsewhere, shows a profound misunderstanding of the educative function of this industrious people in the markets of the world. It may be that a particular line has been introduced to a backward buyer by the efforts of a foreign merchant, only to be displaced by the cheaper Japanese imitation; in many cases, however, the low-class article is presented as a novelty, pioneered in that market by Japan. In either case, there is

always some obvious flaw or weakness, if only in inferior finish or lack of attention to detail, which creates an opening for better, more efficient goods. Naturally, the transition must be a gradual one, due regard being paid to the purchasing power of the clientele: it is no use offering Bond Street quality to people who want something better than street hawkers' throw-outs. Thus, catering for the aspiring tastes of the Japanese—or Indian, or negro—masses involves a close study of the cheap substitutes which they may be buying at the moment, backed by expert advice as to the superior advantages for which they would be prepared to pay a higher price. Naturally, there are the Japanese middle and upper middle classes, to whom still better material and workmanship will appeal, but the volume of such trade is progressively smaller as the price increases, until the sale of such goods becomes a mere side-line in the turnover of the importer or manufacturers' agent.

Taking it all in all, therefore, the Japanese market is readily accessible to those who are willing to take the trouble necessary for providing the right merchandise. Japanese traders are thoroughly familiar with Western commercial methods, possess the necessary finance—receiving Government support in the case of productive imports—and while being fairly keen buyers, do not as a rule bargain. Their orders, too, can reach quite large dimensions, and while there are few difficulties to surmount in this direction, the greatest care and business acumen is needed by the men representing the Western firm on the spot in order to avoid losses or unexpected diminution of legitimate profits.

Japanese merchants are now to be found in all the more important trading centres of the world, and considerable business can be negotiated through their agency. Such

results, however, are only a fraction of what is obtainable by means of a selling organisation in Japan itself. The Japanese market differs in many respects from Western markets, and its special difficulties must be studied so as to be met right from the beginning.

The Japanese public is anxious to have imported goods, often preferring them to home produce, and well aware of this, Japanese manufacturers use various stratagems to make their substitutes acceptable. Failing success in competition with foreign imports, they bring pressure to bear in political quarters and get a high tariff enacted by the Diet, regardless of the people's wants or foreign protests. Another drag on satisfactory relations with Japanese is their proclivity to make unjustified claims, on the chance that they will be met in full or at least result in some concession. In line with this characteristic is the uncertainty as to whether a contract, however elaborately negotiated, will be adhered to, and if it is broken, whether satisfaction can be obtained, either by direct treating with the defaulting party or by recourse to legal proceedings. It seldom pays to go to law in Japan, particularly if one is a foreigner; proceedings are drawn out, sometimes over years, involving heavy costs, and in the end little satisfaction is obtained.

Even the most conservative business man should not allow himself to be deterred by these drawbacks from straining every nerve to obtain Japanese trade, but it is important that he should always keep them in mind and make his plans accordingly.

Foreigners in Japan usually occupy the best offices permitted by their budget: it pays to attach great value to appearances, which count more in the Orient than elsewhere, and the Japanese merchant, being highly impressionable, is apt to assess your importance by the

premises you occupy, the way they are furnished, and the number of people in your employ. On the other hand, he is likely to be indifferent to the smartness or otherwise of your clothes and the manner of your speech.

The majority of foreign firms in Japan employ one or more *banto*, or native messenger, who acts as interpreter, attends to Japanese correspondence and is supposed to be an expert in his branch of trade, since it is also his duty to know all about potential customers. This last qualification, however, is not always realised, for with the expansion of Japan's foreign trade, there has been so much more demand for *banto* that any Japanese with some experience in commerce and a minimum knowledge of English—the principal foreign language taught in Japanese schools—will call himself a *banto*. The salary earned (Yen 200 per month or more) is attractive by Japanese standards, it is a post of responsibility and independence, involving many privileges, which are sometimes abused. Obviously, whether for good or ill, much depends on the character of a firm's *banto*.

Fidelity insurance is the exception in Japan, so that employers are seldom safeguarded against any breach of trust on a *banto*'s part, any more than against negligence in his choice of customers. The best protection, however, is a knowledge of the language and study of the Japanese character by the European principals of the branch.

It is difficult to hide anything from one's Japanese connections, since the *banto* and his staff will generally tell them all they want to know. The curiosity of the Japanese is insatiable, and since he is always out to do better business, if he thinks he can imitate locally an article hitherto imported or buy it cheaper elsewhere abroad, he will unhesitatingly transfer his custom, even if he has done business with you for twenty years or more. For this

reason, caution is required in correspondence with Japanese, or when receiving visits from them, not to tell or show them more than absolutely inevitable about your plant or methods. Even after a mere glimpse of your machinery, they may, six months later, set up in competition somewhere in Japan.

The sales organisation most suitable for Japan depends largely on the article, or range of goods handled. A Japanese general exporting house abroad will deal with any firm in their country prepared to buy, and the same is true of the general importing concern in Japan. The policy of appointing one firm as exclusive distributors in Japan for a particular line requires more careful previous deliberation than in Western countries, as you can never be certain that your prospective agent, to whom you yourself will be tied for a longer period, is not handling another agency in the same class of goods. It is a better plan to have a dealer in each of the main divisions of Japan, one with offices in Kobe, another at Osaka, and one in Tokyo or Yokohama. If, however, you can come to terms with one of the great Japanese corporations, of which there are quite a number, a sole selling agency contract can be very satisfactory, and indeed the easiest and best way to cover the Japanese market.

At one time, the whole of Japan's foreign trade was in the hands of foreigners, but now a larger part is transacted by Japanese, and more and more direct trading with manufacturers and exporters overseas is taking place every day. There is no reason why this should not be encouraged, provided that payment is assured before the goods leave the port of shipment. Nevertheless, it is almost indispensable to have an agent in Japan, even if one engages in direct trading only, to look for further business and report on the facts in case of a claim. The

exporter need not be afraid to reject unjustified claims made by Japanese, as a firm attitude will not entail the loss of a client, but one must be quite sure that there are no grounds for complaint.

For reliability and comprehension of Western methods, it is best to appoint a Western agent in Japan, although there are many Japanese houses anxious to take up foreign agencies. This consideration will induce many firms to envisage opening their own branch in the country. There are many quite large-scale dealers in Japan, who are unable to finance direct imports but are willing to make deposit payments on account of orders placed with a manufacturers' agent, but preferably with the manager of a manufacturer's own branch. Even considerable factoring houses, with plenty of capital at their disposal, will feel greater confidence when negotiating with an employee of the actual makers of the goods, for they then know with whom they are dealing.

The opening of a branch office is no more difficult than in the Occident, the only difference being the engagement of a *banto*, who will assemble the necessary selling organisation. It should not, however, be left to the *banto* and his staff to collect all the orders, but a European sales executive must accompany each of them in turn on visits to merchants. Even if he knows very little Japanese, he will improve in that respect and learn to distinguish between the selling qualities of the different employees. Furthermore, the average Japanese, whether at home or abroad, likes to make contact with the foreigner and feels honoured by such a visit, which they invariably reciprocate by producing an order that might not have been forthcoming to the Japanese salesman unaccompanied. Thus, even a firm operating through an agent in Japan—and elsewhere where there are Japanese traders—will derive

great benefit from sending out a representative periodically on a tour of their branches and agents. Benefit will also accrue in the sphere of account collecting, since it is a point of honour with Japanese merchants not to let the foreign caller go away empty-handed.

While it is not difficult to sell goods in Japan, it is quite another matter to get dealers to settle accounts. Press a dealer for payment, and he will send back the merchandise; reproach him for doing so, he will reply that the goods are not sold; ask him for the reason, and he will tell you that, to achieve sales, "propaganda must be made." In other words, his order is placed on the assumption that everything should be done to sell the goods for him. The most inseparable element of such propaganda or publicity in Japan is noise, at least, the uninitiated foreigner would think so when he sees a procession of vehicles, decorated with flags and banners, proceeding through the streets, surrounded by yelling salesmen distributing leaflets and free samples, with a Japanese orchestra playing away for dear life on the leading car.

Every trade and profession in Japan seeks publicity: not only commercial interests, but also doctors, lawyers and others. It certainly pays to advertise, though it is more expensive than elsewhere; it must, however, be an aggressive type of propaganda, involving every imaginable kind of stunt, such as posters, street bands and entertainment for actual and prospective customers. When a sales campaign is organised in any large Japanese city, it is usual to invite the dealers to a banquet at an hotel or good restaurant or first-class tea-house. Geisha girls are hired, each devoting herself to the service and amusement of each guest; after the meal, business is discussed, and orders are obtained more easily in this way than by calls

or discussions in an office. When a Japanese dealer has placed a large order, it is customary to invite him to a dinner as a sign of appreciation of his support and also to confirm his confidence in the organisation behind the goods.

While even dentists advertise for clients by means of posters affixed to telegraph poles, and neon and other illuminated signs exploit the Japanese fondness for parading the streets at night in the principal cities, the Japanese press plays an even more intensive part than in other countries in the publicity drives undertaken by commercial advertisers. There are now over a thousand newspapers and nearly three thousand periodicals in Japan, every town of any importance having its local organ. The most important dailies are published in Tokyo and Osaka and have a circulation of between three quarters of a million to a million or more, the total sale of daily papers in Japan being about eight millions. There are seven important dailies appearing in Japan in English, all having a good circulation and forming an excellent medium for reaching the eight thousand non-Chinese foreigners residing there. About a score of greater Japanese monthlies, costing between 25 sen and 1 yen, each have a circulation of about 100,000 each, while magazines for women and children are becoming increasingly popular.

The Japanese, like the Chinese, study their newspapers more thoroughly than Western readers; advertisements are eagerly perused, and little escapes their attention. It is not surprising, therefore, that press publicity is such an intense influence in Japanese life, and the variety of advertisements and the classes of space-buyers are wider than in many other countries. Patent medicines, cosmetics, confectionery and provisions—to mention but a few articles extensively advertised—occupy the premier

positions in all channels of publicity. The advantage of advertising being universally appreciated by all clamouring for the attention of the Japanese public, it is not to be wondered at that space is dearer in Japan than in some Western lands: the average charge is from one to $1\frac{1}{2}$ yen per line of fifteen characters.

Japan has reached a high degree of industrialisation, and with the ever-growing international competition in manufactured articles, Japanese merchants and manufacturers are most anxious to find new outlets for their goods and to extend their sales in the markets where they are already introduced. Thus, it should not be difficult to get them to advertise in papers overseas, provided their attention is drawn to the appeal and circulation of any particular journal. There are a number of big Japanese advertising agencies which do a large business in the country, but they know little about the outside world, and while the Japanese know how to make propaganda in a manner suitable for their own countrymen, they are hopelessly at sea about publicity abroad. One or two foreign firms specialising in advertising are established in Japan and are doing very well, but there is room for more.

Western periodicals can easily be introduced among the constantly expanding public who can read English. The movement to learn the language is favoured, not only by the secondary schools, but also by evening continuation classes eagerly visited by commercial students. It cannot be said that the Japanese are great linguists, but while the majority of those who have studied English cannot speak it with any great fluency, they can understand what they read.

In spite of Japanese sharp practices in the imitation of Western brands and packing, the factor of distinctive marking and appearance is one of supreme importance in

this market. Indeed, the choice of a simple, bold trade-mark is one of the first requisites in the conquest of customers in Japan, where the great admiration for *hakurai-mono* (foreign goods) is a great advantage. Descriptions and instructions for use must be in Japanese, but packings should otherwise emphasise the foreign origin of the contents, and it is often worth while to pay the extra duty for importing them, with blanks left for inserting the Japanese text. Alternatively, blocks can be manufactured in Japan and sent overseas to allow the job to be done in one process abroad, but it is not advisable to trust to Japanese printers if one wishes to guard against imitation.

No manufacturer or importer intending to market a proprietary article in Japan should fail to register any patents and trade-marks with the Patent Bureau in Tokyo, since the international agreements regarding these do not apply in Japan.

Section C: AFRICA.

EGYPT

BEFORE the 1914-18 war, Egypt was part of the Ottoman Empire, but administered by Britain. Though it has since then become an independent kingdom, British officials still play a great part in its administration and economy. The latter, however, has always been to a great extent in the hands of a community cutting across race and nationality: the Levantine may be of Greek, Italian or Armenian origin, and he usually congregates with others speaking the same language, but his main characteristics are that he is a non-Oriental living on the Eastern shores of the Mediterranean, and that his commercial enterprise secures him the lion's share of all the trade that is done there. The third element, that has to be considered in Egypt, is the politically minded Egyptian, consisting mainly of the population of the towns, from the graduates of Egyptian and Western universities down to the product of local lower education. Below these three strata, numbering rather less than two millions, there are six times as many illiterates, peaceful agriculturists with fairly primitive tastes, whose purchases of imported goods, beyond motor vehicles, radio, gramophones and bicycles, are catered for chiefly by Japan and other purveyors of the cheapest merchandise. The beginnings of co-operation among Egyptian smallholders, however, are emancipating them from the clutches of the village moneylender and adding their demand to the Government's for irrigation

plant, cotton cultivating machinery and other agricultural aids. The abundance of petrol and the total absence of timber and coal makes this an excellent market for internal combustion engines of all kinds, and the chief obstacle is the difficulty of finding a reliable distributor who will either take the credit risk himself—and be capable of meeting it, if his customers let him down—or take the trouble to obtain sure information before accepting or delivering an order.

Alexandria is the headquarters of all commercial activities, with Port Said and Port Suez a long way behind. Cairo, the official capital, has purely local trading significance. The other centres with larger populations are merely market towns or overgrown villages, each with one or more bazaars in the Oriental style, where the Levantine or order-seeking townsman is regarded as an intruder, sometimes welcomed if he brings a novelty, but never when he carries an account for collection. Here, as elsewhere in the Levant, the custom prevails of never paying for goods until more are required, which places the distributor in the dilemma between small but frequent orders, with regular payments, and the showier large quantities at rare intervals, which save overheads but lock up capital.

To combine a large turnover with secure payment, one must become a supplier to one or both the great buying organisations of Egypt—the Government and the Egyptian State Railways, the latter being almost the sole customers for coal—which are gradually educating the people into membership of modern civilised society. Electricity is spreading its network everywhere, creating demand for appliances, and a system of secondary education, with English as the principal foreign language, is creating a new generation of Government officials, an intelligentsia to set

off the plutocratic or political middle class that is more or less an obstacle to spiritual progress.

From the business point of view, however, there is no reason to be dissatisfied with plutocracy, there are plenty of old-established, wealthy merchant houses willing to take on agencies for Western manufacturers or exporters and to do their best to promote sales according to their lights. Apart from the credit difficulties, already mentioned, there is, however, another reason why the foreigner must not be content merely to hand over Egyptian sales to a local firm and then await results. The cleavage between the merchant class and even those classes which are one or two rungs below it on the social ladder—not to speak of the humble masses—is so great that this very apartness prevents one's representative from forming a sound idea of what these consumers need and how to make them buy anything new. The intervention of the foreigner is therefore essential in the field of market research and customer psychology, and this is nowhere more evident than in advertising.

An atrocious habit of manufacturers' agents in Egypt is that of printing their own names in such bold type on every advertisement of their clients' goods that it almost eclipses the rest of the matter. At the same time, they usually insist on being given a free hand with the spending of the publicity allocation, whereas they could be of great use to their principals by taking advantage of the universal proneness to bargain in order to get the best rates from publicity managers of papers. This should be their sole share of the work, the information gathered from them and various other sources is placed in the hands of advertising experts, to be worked up into suitable illustration and letterpress. According to one of the most prominent American merchant houses in Egypt, nearly every selling

argument current in the Western world can be used in the Orient, so that it is a great mistake to risk ridicule by introducing false local colour. Egyptian thoughts are now strongly directed towards Europe and America, so that Western figures are likely to be quite as acceptable in illustrations, and far safer from error.

Another trap, into which one may be led by over-enthusiastic representatives, is the allocation of excessive amounts for initial advertising. The Oriental mind is slow to accept innovations, however fiercely assaulted by propaganda, and foreign firms accustomed to quick results may encounter bitter disappointments by the apparently futile exhaustion of their available funds. The best way is to go slow at first: for proprietary medicines, for example, a limit of five to ten thousand Egyptian pounds should be set for the annual expenditure in the first three years; after which a quota of one-third on sales should be adequate, if the market is at all receptive of the article. For groceries, packet goods and other branded lines, the margin of profit is less, so that the final allocation is one-tenth.

The principal languages spoken in Egypt are English, French, Greek and Arabic, and you may find many a little native boy, fawning round your legs at a *café* table for the privilege of earning a piastre by cleaning your shoes, with quite a fair knowledge of all four, though he may still be unable to read or write. A publicity budget must therefore be divided up in the proportions of one, two, two, six on the four different communities' papers, though the Arabic share may be decreased by one-sixth for diversion to Italian journals. There are two English dailies, one in Cairo and another in Alexandria, appearing the evening before: the French share must be divided equally between daily and weekly publications, and so must the Arabic,

since there are illustrated weeklies; but only the Greek dailies need be considered.

The results of keying press advertisements show that people shirk the trouble of filling out forms, free sample offers in packets have yielded as much as 30%. In drug-store goods priced under 10 piastres, it is calculated that there are nearly a million potential customers in the towns, who can be reached by the distribution of miniature samples, and in one year one firm got rid of as many as two millions of all kinds of goods, mostly by house-to-house delivery. Egyptian postage rates are relatively high, and merchants organise their own teams of boys under a supervisor.

Industrialisation is not making very rapid headway in Egypt, but one factor that promises a continuous extension in the demand for Western goods is the habit of young men from the provincial towns and villages of coming to the larger centres, not to seek their fortunes but to make a little money on which to get married. When their quest is accomplished they return to their homes, carrying with them the tastes acquired in the great city, and this may lead to an increase in bazaar business for agents and importers.

SOUTH AFRICA

Exports gold, diamonds and wool, imports manufactured commodities : that is the sort of fragmentary knowledge inculcated at school. The fact is that, in the past, South Africa has been too rich to exploit her natural resources except for gold and diamonds, and development of fruit farming and coal-mining is not many years old. Actually, in spite of large desert areas, the country has practically all the raw materials required to live a self-sufficient existence, and once various problems of health and labour supply are solved, it should attain the peak of expansion more rapidly even than North America.

The population divides into Boers and other whites, Chinese, British Indians, and the many varieties of native tribes. The long distances between farms has made it very difficult to establish a system of universal education even for white men, and no great strides have been made to spread enlightenment among the other inhabitants. Nevertheless, realisation of the value of modern conveniences is nowhere lacking, particularly in the towns, where the great wealth has made the South African an open-handed spender, business being conducted more on American lines than English, and the criterion in the appraisement of an article is quality and appearance rather than price. Even isolated homesteads, Boer or British, may be found equipped with self-generated electric lighting, thus opening a wide market for oil engines and dynamos.

In selling to the South African market, the main consideration is to be represented by a reliable agent, who will do his best for the principal's merchandise. Most larger manufacturers in other countries are already represented in South Africa, and it may be difficult to find a firm which has the requisite connection and is not already carrying the goods of a competing exporter. The principal centres of trade are Johannesburg, Cape Town, Durban, East London, Port Elizabeth and Bloemfontein: of these, the first two are most important, in fact most of the country's business is done at Johannesburg. The merchants in these towns cover the provinces by means of travellers, carrying a complete range of samples, and sometimes that means a 10-cwt. or 1-ton truck driven by a native. Arrived at a country town, the traveller hires a showroom at the local hotel and displays his wares. A traveller will have a territory allocated to him including about a dozen towns and entailing as much as four thousand miles of travel each month, and on the average he will return to headquarters every third or fourth week-end to replenish his stock with new samples that may have arrived from overseas.

Success in South African markets depends on the personality of the salesman and the confidence which customers have in his firm. The qualities demanded of a representative are smartness, neatness and gentlemanly behaviour. The country dealers are more conservative than in the towns: if an account is opened with one of them, he can be relied on to remain loyal for a lifetime, unless something radically wrong intervenes. The severe competition in the towns, however, makes price the main consideration. The hardest lines to sell in South Africa are those on which only a small profit is reserved for the retailer, unless they are branded and well supported by advertising.

The remuneration of a commercial traveller in South Africa usually consists of a salary—£15 upwards monthly—with a free car and all expenses paid. In addition, he receives a commission varying between 1½ and 10%, according to the margin of profit on the goods.

When manufacturers or exporters send sales executives to South Africa, the samples which they bring with them are subject to customs duty at a particularly high rate: if the goods are re-exported, these payments are refunded, but it is the exception for sample collections to go back overseas.

The overseas producer of heavy goods will no doubt have heard of South Africa's first large-scale step towards industrialisation—the great Pretoria steel works, built at a cost of six million pounds, all outstanding loans being guaranteed by the Government, in order to reduce the country's dependence on imports of steel sections, rails, flat sheets, etc. Foreign foundries are at a disadvantage against this home industry to the extent of transport charges and import duty, but this does not affect external supplies of machinery. There are naturally numerous machine shops in the big towns, but they are mostly occupied with repairs and maintenance, and not having the same outlets for what they do manufacture as internationally known concerns, they cannot reach the high standard of quality and equipment as the latter. It has so far been impossible to train personnel up to the highest level of skill and accuracy among the two million white South Africans, while the six million natives can only supply the rough labour.

In the mines, a wide range of mechanical plant is used, most of it imported, including crushers, reduction machinery, winding engines, and electrical equipment of all kinds. The towns have recently been having a building

boom, stimulating the import of cranes, concrete mixers and other modern constructional equipment. In one calendar year, twelve million pounds sterling has been spent on building in Johannesburg. Reinforced concrete figures in practically all this activity, the reinforcing material being produced locally. An outstanding example are two buildings erected for the Government Electric Supply Company in Johannesburg on a site measuring 200 by 100 feet and rising twenty-one storeys high, where electrically operated hoists were used for assembly work. South Africa's harbours and railways have likewise long offered scope for manufacturers of locomotives, rolling stock and stationary machines, particularly oil engines, mostly for crude oil, of all possible sizes. Oil is not used for generating electricity, as coal is cheap and plentiful.

The demand for refrigerating plant is steadily increasing, especially at the mines, where the supply of air must be cooled, and the exceptionally hot summers make domestic refrigerators very popular, the electrical model being preferred. No block of flats is now complete without refrigerators in each apartment. A few years ago, the Parliament Building was equipped with air-conditioning plant, but this convenience has not yet become widespread, only a few large buildings having been similarly equipped. Railway dining-cars, however, are gradually being air-conditioned, and there is a promising market for such plant, which needs only to be developed.

Great Britain, the United States, Germany, and to a smaller extent Scandinavia and other European countries, are South Africa's chief suppliers of machinery, Japan not being a serious competitor where quality is concerned. In electrical and mining machinery, Britain has the lion's share of the market, while the United States are similarly favoured as regards motor vehicles. The South African

Government has started on a large road-building programme, but the American car will be more suitable for local conditions for many years to come, motor-cars being held up for many hours when the weather makes even a main highway, like that between Johannesburg and Durban, impassable. The private automobiles favoured are those of large horse-power and moderate weight. Light cars do reasonably well in the towns, and the great purchasing power of South Africans is constantly expanding motor traffic. General Motors and Ford have assembling plants at Port Elizabeth, Dunlop and Goodyear have combined to establish a tyre factory in Durban, while Firestone have their own at Port Elizabeth.

For machinery, credit terms are cash against documents or acceptance of drafts up to 120 days. British firms often send their agents goods on consignment, but this practice is not favoured by American concerns, a reason perhaps for Britain's strong hold on the market.

Chain stores have had a retarded but latterly rapid development in South Africa, the backwardness being due to the small proportion of whites. Natives, Indians and Eurasians are catered for by bazaars, which are not unlike the lower-grade chain store, handling the cheapest kind of goods, particularly anything brightly coloured to appeal to native tastes. The more educated Indians and Eurasians patronise the departmental stores, which are the chief rivals of the chain store, both go all out for novelties and bargain offers in order to attract the maximum of business, and both do their utmost to restrict their buying to direct sources. Most of their purchases, however, are still made from local factors, paying cash on delivery in return for the greatest possible cash discount. Credit makes no appeal to any but the smaller stores, and when they buy direct through a manufacturer's indent agent, they may

readily be induced to open letters of credit in the country of supply. The big chains have their own buying offices or agents in London and their buyers visit England much more frequently than representatives from other parts of the Empire. This cannot entirely be accounted for by the shorter distance, for Canada is nearer by boat than South Africa by airplane; but South Africa is a much better customer of the home country's, and it pays to keep the London representative up to date in the latest changes of fashion and taste. On the occasion of such visits, the London office gets together a carefully picked list of manufacturers' representatives to display all that is novel and best for the overseas man's selection. Between the requirements of the various territories there are considerable differences, both as to price and taste: Johannesburg, with its gold mines, is wealthy and sometimes rather uncritically "Bond Street," Durban is very conservative and English, while Capetown has a very cosmopolitan population, with the native element very much to the fore.

The biggest chain stores (or bazaars, as they are popularly called) are Woolworths (not connected with the American or British concern), O.K. Bazaars, Paramount Stores, C.T.C. Bazaars, Elephant Trading Co., and a few others of somewhat lesser importance, all depending on white customers for most of their trade. Since the number of their branches is constantly increasing, the volume of their purchases overseas is likewise on the up-grade, mostly being negotiated direct and consisting largely of hosiery, cheap ladies' dresses, cosmetics, electric clocks and similar lines.

The manufacture of shoes, clothing, etc., which has developed in South Africa of recent years, has done little to diminish the enormous volume of overseas buying on the part of departmental and chain stores. The main

difference between these is that the chain store does not handle the higher-priced articles, though unlike similar establishments in other countries it does not go in for fixed price limits. The chief aim of both is to give maximum value for the price demanded, and quality ranks high in the eyes of all but the lowest-grade customers. This policy, while not eliminating the smaller retailer, has forced him to branch out in articles on which he can make a higher profit, to recoup himself for the price-cutting in competition with his big rivals.

The articles sold by the chain stores range from one penny to ten shillings in price, though they exceed this limit in such lines as electric fires and kettles. A sixpenny line in London, retailing in New York at ten cents, would be priced at sixpence in South Africa, but it would be smaller or slightly inferior in finish or quality. Otherwise, there is little difference in taste or style. Displays, interior and exterior, are very similar to those of London and New York; if anything, South African stores are larger, and everything is more elaborate than the English ones.

Owing to heat and humidity, special precautions must be taken in the packing and display of goods. Metal has to be greased, wherever practicable, cases are made damp-proof, and foodstuffs must be kept in refrigerators. A characteristic of South African stores are the arcades outside the shop windows, protecting shoppers and goods from the torrid sunshine.

Next to price and quality, an important point in selling to the stores is attractive packing, easy to serve to customers, and a bold, easily recognisable brand that will produce repeat orders. The sales staffs are entirely composed of white girls, with Kaffirs to do the manual work behind the scenes.

As will be gathered from the foregoing remarks, the South African drapery trade calls, on the whole, for a cheaper type of goods than are sold in London or New York. The citizens of the Union are not educated up to more expensive lines, furthermore the warm climate induces the habit of changing more frequently, so that quantity is naturally preferred to quality.

Overseas manufacturers could improve their South African sales by more frequently sending out sales executives who are thoroughly familiar with the trade—not just somebody who can talk and sell, as a local merchant put it. They should give earnest consideration to suggestions from distributors on the spot and study the types of people prevailing in the country; for example, the average South African woman, particularly among the Boers, is more stoutly built than the English or American girl, so that size ranges must be assorted towards the upper end. Economic conditions in the Union are good, but the climate makes women buy four dresses to the European girl's one, so that here again it is a question of price. It is not surprising, therefore, that artificial silk is a favoured material and that ready-made dresses are very popular, particularly now that the styles of mass-production have reached such a high standard. The competition of bazaars and department stores has had the effect of cutting prices, and the margin of profit is low. As a result, the average drapery store is not expanding, whereas formerly the small shop of to-day was the big store of the future.

Sales play quite an important part in drapery turnover and are held more frequently, perhaps, than elsewhere. Special goods are displayed, the main object being to get as many people inside the store as possible. The general tendency in the towns is to concentrate on cash business,

in order to keep prices as low as can be, but in the remoter districts credit is more general.

In electrical appliances, the majority of the leading manufacturers are represented in South Africa by their own subsidiary companies, with an engineering staff, carrying stocks of goods produced by the undertaking, but also dealing in other lines on an agency or merchandising basis. In addition to these mammoth concerns, there are numerous manufacturers' agents who handle electrical goods among other articles for lesser overseas factories. Since these do not usually carry stock, they are at a disadvantage in competing with their greater rivals.

Wholesale dealers do not usually go in greatly for display of their electrical lines unless they specialise in electric fittings, when there is a fairly large showroom. The South African market differs from European ones by the fact that it is necessary to change the style of the goods shown much more frequently. Private buyers show high discrimination and are usually determined to have the best, regardless of price. That flat-lighting has reached a high development will be understood from the possession by many apartment blocks of transformers, the supply coming in at 6,000 volts and being stepped down to 220.

In the towns, the retailer is mostly an electrical engineer, combining contractor work with sales of parts, which would not otherwise provide a living. Vacuum cleaners, radio and refrigerators are sold by canvassers. Outside Johannesburg and the coastal towns, electrical goods are usually carried by the general store, but sometimes the municipality runs an appliances showroom. Music shops, after taking up radio apparatus, have also begun to stock samples of vacuum cleaners, refrigerators and domestic appliances. South African natives need hardly be considered as buyers of electrical goods, for few have

their homes connected. Indians and Eurasians sometimes live in quite modern houses, and some of them run electrical stores for their community.

The hire-purchase system is highly developed in South Africa on the same lines as elsewhere: some municipalities, with electrical undertakings, take over the contracts for stoves bought by householders and charge the instalments, with a low rate of interest, on the quarterly or monthly accounts.

To the f.o.b. cost of electrical appliances there must be added about 40% for freight, insurance, duty and other charges. Owing to the intense competition between manufacturers of various countries, however, retail prices are, if anything, lower than in London. Profits are naturally cut very fine, and the local dealer has to make a larger turnover in order to cover his running expenses. Owing to his distance from the sources of supply, the South African merchant has to look far ahead in order to keep the balance between stocks and sales, at the same time avoiding the risk of being left with obsolete goods on hand when novelties appear.

There is a Durban factory making electric stoves, which are competitive in price, but cannot compare in finish with the American product. English stoves are found too dear, and Canada and the United States hold the market at present for stoves and refrigerators. The latter are preferred for their lighter material, which makes them cheaper to land.

The advantage of branding applies also to electrical goods, and nowhere more so than in the gold mines of the Rand, where considerations of safety and reliability make it more important than price. Each group of mines has a buying office on the Commercial Exchange at Johannesburg, where suppliers are asked to tender for supplies

required. Apart from this, the engineers at mines make quite a large volume of direct purchases, but here one must be well introduced to have a chance. Many of these mining engineers have received their training at the works of one of the great electrical manufacturers, who naturally have preference when there is any business going.

SOUTHERN RHODESIA

The fact that this territory of 144,000 square miles has been coveted by other Governments, while being kept apart from its northern neighbour owing to the wide difference in conditions, confirms the brilliant future for which it seems destined by its excellent ranching prospects, as well as the rich stores of gold, copper, iron, silver and other minerals in gradual process of exploitation. More than 100,000 square miles lie over 3,000 feet above sea level and are therefore suitable for white men to live and work in, and Southern Rhodesia is reputed to be unique in possessing the only African tribe which does not leave all the farming to the women. A railway connects the country with South Africa and the Portuguese port of Beira, while the airmail is the postal link with Egypt and Europe.

Salisbury is the official capital, but commerce centres round Bulawayo, where the railway branches off to Beira. Here there are numerous merchants holding agencies from manufacturers all over the world, and others mainly trading on their own account. The latter usually have a "confirming house," safeguarding their interests in London and other centres. The country is not large enough to permit agents or dealers to specialise, and one merchant may hold agencies from six different manufacturers, providing none of their goods compete with each other. There are also a number of Indian traders

who do a large retail trade, some of them buying direct from overseas.

The selection of a merchant to be given an agency, or to act as the sole distributor for the area, is best made the occasion of a visit by a responsible sales executive from head office. The requirements of this market are different from others, for it is the natives who are the most important customers, and as far as they are concerned Southern Rhodesia is essentially a price market. The majority of the white settlers are prepared to pay for quality, whether they live in town or on their ranches and mines, and they are free spenders when they are in cash.

Some suppliers cover Southern Rhodesia by means of travellers making the round trip from Cape Town up to Egypt, via Beira, Kenya, Uganda, doing the Mediterranean on their way home.

The biggest importers in Bulawayo send out travellers all over the country once a month, carrying a very wide range of samples in their automobiles. Salesmanship is comparatively easy, since there is none of that cut-throat competition prevalent in more developed and populous areas. Their customers are the retail stores, labelled "white" or "kaffir" according as they supply the needs of Europeans or natives. The majority of both types of stores, however, are owned and run by white men: they are given very liberal credit, extending up to six months. Most of the kaffir stores, particularly those in the Native Reservations, engage in barter, exchanging foreign merchandise for such products as grain, hides, cattle and other agricultural produce, which is sold to the exporting houses in the bigger towns.

Several good-class dailies in Bulawayo and Salisbury carry the little advertising that is done, none being used to attract native custom. Brands are of little consequence in

this trade, for the limited purchasing power of Africans makes price the determining factor all along the line.

As a Rhodesian trader expressed it, the London representatives of his fraternity are in blissful ignorance of the country's actual needs, expecting to be guided entirely by their principals, the importers. How these should know what to ask for, when they cannot possibly know all that is being offered in European and American markets, passes understanding. Thus, the Rhodesian buyer is very much at the mercy of chance—chance catalogues that he may have time to open and study, chance callers that offer him goods which he might otherwise know nothing about. This gap between supply and demand can easily be filled by a manufacturer who goes to the trouble of finding out something about Rhodesian conditions and needs and then adapts his products to them. He will reap a rich reward, for the same goods will probably sell readily in other parts of Africa, and rising wages and education among Africans provide an endless vista of expansion.

EAST AFRICA

Mombasa is the main port of entry into this immense territory, comprising Kenya, Tanganyika, Uganda and Zanzibar, but the largest white population centres round Nairobi, with its annexe of coffee plantations, and this is the seat of Government as well as the commercial centre. Some of the leading European merchants have offices in both towns, and a certain amount of indenting business is also done from Mombasa.

Quite a number of import and export merchants are long established in this territory, and these handle agencies, besides stocking goods on their own account. Most of them are British, though of recent years Indian merchants have been getting a greater share of the trade. They are quickly becoming familiar with Western ways, and in view of the difficulty of finding well-reputed firms who are free to accept one's representation, overseas manufacturers may do worse than give them a trial, subject to the necessary safeguards. All these traders cover a considerable territory up-country, sending out travellers at regular intervals. Foreign competition comes chiefly from Japan and Germany, the latter's penetration being on the increase. In this connection, however, note the remarks on the subject in the chapter on Japan.

The large merchant houses fulfil the functions of wholesale distributors, but there are also large retail stores which act as factors to the small up-country stores, many of which are run by Indians.

The terms current in East Africa vary between thirty and ninety days' draft, documents against acceptance, the longest period being quite common, as it gives the importer reasonable time for distribution. Where consignment terms are arranged, it is a good plan to instruct the bank to release the goods by instalments as previous liabilities are met. The commission paid to agents varies according to the margin of profit, but 5% is a fair average. The larger British houses in East Africa have buying offices in London, where payment or acceptances are effected.

Except in the European trade, branded goods are rather important, as most of the natives are illiterate and only recognise what they have bought before by pictures. This does not apply so much to Uganda, where the natives are better educated. All correspondence between supplier and merchants, whether European or Indian, is in English.

East Africa is essentially a native market—there are less than twenty thousand whites in Kenya—but improved economic conditions are gradually inducing Africans to buy quality goods, as their production of coffee, sisal and maize increases and they obtain better prices for them. Apart from a tannery and several breweries, there are no home industries except those concerned with the early processing of exports.

Japanese piece goods are firmly established here, being offered at prices with which no other country can compete. These are essentially cheap lines, since the natives have so far been unable to afford the cost of better qualities. There is also quite a big trade in woollens, notably blankets, mainly supplied by Holland, though Britain also has a fair share. In shirtings and sheet material, Japan again scores through low price for low

quality. Artificial silks are also in demand for native women's dresses, and here an upward swing in the native taste may be noted.

Bad roads and hilly districts cause a preference for the high-powered automobile, so that American makes predominate. There is a large trade in bicycles, particularly in Uganda, where they are widely used by the natives for all purposes, including the transport of goods.

The native has not yet been able to accumulate capital to enter retail trade, in fact he has often to resort to barter for his purchases. Here, Indian dealers often take advantage of their poverty and ignorance, crediting the customer with less than the market price of produce in exchange. The "chit" system of credit is prevalent among all the white population, and a motorist can stop at any petrol station throughout the territory, refuelling in return for a signed acknowledgement of his debt. Credit is therefore more widely spread here than almost anywhere else. The natives, particularly, are apt to play into the hands of moneylenders—mostly Indian—in spite of Government measures to protect them by agricultural credits.

In order to compete with Japanese specialisation in this market, a close study must be made of grades and qualities of cloth acceptable to the natives. There are also various local prejudices with regard to colours and tints of colours, which may make all the difference between success and failure.

Advertising has become quite a serious factor in keeping a manufacturer's or exporter's name before the public. To catch the native's fancy, it must be simple and to the point: in view of the almost universal illiteracy, pictures are essential, and these are best divided into two parts,

one the brand, connecting the article sold with its origin, and the other an illustration of the contents of the package. If it is desired to portray some action from everyday life, it is best to consult some expert, or the man on the spot, in order to relate the circumstances to the native's own surroundings.

Section D: AMERICA

ARGENTINE

HAVING achieved a world-wide reputation as a purveyor of wheat and meat, the Argentine Republic will presently turn its attention to developing the rich mineral resources lying hidden in its mountains and plains. Meanwhile, the industrial countries of Europe are exceedingly good customers for the produce of Argentine, and in return, a great variety of imports reaches the country from every manufacturing centre. For geographical reasons, however, many classes of goods come from the factories of North America: in agricultural machinery, for example. Canada and the United States have long specialised in the appliances particularly suited for the various forms of cultivation common to all the South American States, particularly the large-scale farming of the plains, used in both halves of the continent. In Europe, agricultural land is so much subdivided that a manufacturer trying to cater for South America would have no home demand to support a mass-production programme, so that competitive price would leave him with little or no profit. The North American production of such implements as the combine reaper-thresher, on the other hand, aims mainly at supplying the large internal requirements, exports being made from surplus output. Nevertheless, there are openings for the utensils needed for smaller-scale cultivation. The Argentine also offers scope for the sale of all classes of other machinery, such as power plant,

grain elevators—which are being introduced at all the ports—workshop machines and tools.

Some of the bigger machinery manufacturers have their own representatives in Buenos Aires, but the bulk of the import trade is done through export houses established in the world's commercial centres, such as London, New York, Hamburg. The advantages of dealing with the Argentine through a merchant shipper in the exporting country are mainly financial. This intermediary usually makes himself responsible for settling the account, and it is rare for the final purchaser of the goods to figure in such transactions. The Argentine has a keen business sense and is a pleasant man to deal with, the standard of commercial integrity being generally high. All imported goods, whether American, British or Continental, enjoy great popularity, though a certain development of nationalist spirit has been noticeable during the world slump.

Practically every country with manufactures to export sends its salesmen or representatives to the Argentine, and the resultant keen competition gives the Argentine the opportunity of sampling the world's supplies within his own frontiers. These frequent visits and the keenness on the part of foreigners to have at least first-hand reports on trading opportunities in the Argentine are encouraging direct transactions between overseas suppliers and Argentine distributors, and the only obstacle to an extension of these dealings is the uncertainty when an account will be paid, when credit is given.

In conversation and correspondence with merchant firms in Buenos Aires, it is possible to get along with English, but every visiting representative, desirous of extracting the maximum results from his stay in the country, should have a working knowledge of the language, which rather differs from Castilian Spanish.

A glance at the railway map of the Argentine shows that the population is very unequally distributed, the North and Middle East (Provinces of Santiago and Buenos Aires) containing the majority, while the rest of the country is in process of development. Large numbers of European-born settlers tend to congregate in separate communities, with their own institutions and retail shops. The task of introducing one's merchandise on a national scale is therefore a complex one, and advertising entails great skill and wide knowledge of local conditions. All the trade and technical papers are in Spanish, but there are also a few daily journals appearing in English and other European languages which circulate not only in the principal towns but among remote settlers and cannot therefore be disregarded. For the manufacturer who takes the long view and wishes to educate a wide public into an appreciation of his wares, they are actually the most important medium.

As in all agricultural areas, internal distribution involves the granting of credit, both seasonal and long-term, and the avoidance of a shoal of bad debts depends on the care with which the merchant or manufacturers' agent chooses his customers. No amount of honesty or financial soundness on the part of the latter can avail, in the long run, against local imprudence or ignorance of psychology. The intense centralisation, which makes Buenos Aires practically the sole channel of larger commercial transactions, should eventually lead to the establishment of immense chain stores, staffed with managers combining the latest thing in training with familiarity of their home ground.

The larger merchant houses at the capital not only indent their orders overseas, but carry stocks on their own account or on behalf of the firm which they represent.

BRAZIL

Brazil is distinguished by being the largest political unit in South America and the world's premier source of coffee; and a third difference is the language, which is based on Portuguese, not Spanish. Though meat and hides—and latterly oranges too—are included among the merchandise that forms Brazilian purchasing power from overseas, the predominance of a luxury article like coffee places the import trade very much at the mercy of other countries' prosperity. At times when thousands of sacks of the fragrant beans are burnt or dumped into the sea in order to keep up the price, manufacturers and exporters can naturally not look forward to large orders or high quality demands. During the world slump that followed the 1914-18 war, when Brazil was compelled to close her doors to a great part of her former imports, there were developed, particularly in the coffee-growing State of Sao Paulo, numerous industries producing goods formerly drawn from abroad. A third factor interfering with free imports is the barter agreement made between Brazil and Germany, involving not only the needs of the latter country but the coffee supplies of practically the whole of Eastern Europe, for which Germany has made herself the entrepôt, and thus diverting a large part of Brazilian orders to Germany.

The principal centres of trade are Rio de Janeiro, the Federal capital, and Sao Paulo, the chief town of the State bearing the same name. In order to take full

advantage of Brazilian opportunities, it is essential to be represented at both these centres: firstly, they are very far apart, though tucked away in the same corner of this immense territory. Furthermore, the wealthiest State in the Federation is periodically at loggerheads with the central administration, and the reception given to inhabitants of the one city in the other is far from friendly.

Nationalism has developed very strongly in Brazil of recent years, so that firms of Brazilian nationality have a considerable advantage over a foreign house, and foreign firms have practically been forced to adopt Brazilian registration.

There are now a number of first-class distributing concerns in the principal trading centres, but all the leading industrial countries—Britain, Germany, United States, Canada and others—are represented by firms or agents of their own nationality.

Most of the import business has to be done on a credit basis, the terms ranging from 60 to 120 days by drafts discounted through the banks. The goods imported are sold mainly to local merchant firms or through agents direct to the trade.

Both the United States and Germany have realised the advantage of sending out commercial travellers to Brazil in order to ascertain the exact goods required. Differences of climate and conditions of life, as well as constantly changing fashions, make it difficult to keep up to date with Brazilian demands except through this form of personal contact. Great Britain, however, has been rather backward in following suit.

With native Brazilian firms, correspondence in Portuguese is essential to prevent misunderstandings, but there are nowadays quite a number of importing houses, Brazilian or otherwise, where English or French is known,

often both. The friendly relations with the United States, established by the Pan-American Conferences and the institution of numerous air-lines, have made English the principal foreign language here, as in the rest of South America.

Publicity campaigns are as important here as in any other market and should be entrusted to a reputable advertising agent in Rio de Janeiro or Sao Paulo, as letter-press or illustrations may have to be specially adapted to Brazilian tastes. Such publicity has popularised branded goods in all branches of imports, particularly mass-production articles, where United States manufacturers have been most successful, dominating Brazilian trade through the cheapness of their products and the efficiency of their advertising.

One very useful avenue of approach to the Brazilian market, notably for newcomers in this sphere, is the merchant shipping house in London or Liverpool. He works on a commission basis and attends to all such matters as foreign exchange, the Brazilian Government regulations regarding blocked exchange, the fairly complicated customs documents including certificates of origin, and last but not least, the finance of all shipments. This is an important consideration when dealing with a market like Brazil, where credit plays such an extensive rôle.

BRITISH GUIANA

Sugar, rum and gold are the three counters with which British Guiana pays for her imports from other countries, and since the first-named commodity forms over two-thirds of her exports, the economic conditions of the country are intimately bound up with the world price prevailing for sugar. Production is on the up-grade, and Imperial preference is responsible for encouraging shipment to all members of the Ottawa Conference, particularly the Mother Country, which in return contributes more than half of British Guiana's imports. Canada comes next, with 14%, the chief non-Empire countries being United States with under 10% and Japan with 3%. Canada's high figure is due to her being the nearest member of the Empire.

British Guiana is very sparsely populated, having less than four inhabitants to each of her 90,000 square miles, a third of whom are East Indians, with a small proportion of Chinese and whites. The result is that we have here essentially a price market, but compared with other undeveloped parts of the world, the natives have reached a high degree of Westernisation. They wear European clothes—naturally of the cheapest material—ride bicycles, mostly supplied by Japan, and buy inexpensive radio sets, as well as other mass-produced achievements of modern civilisation. This applies specially to the dwellers in the towns and along the trade routes, but a large majority is still illiterate, and while schools have been opened, their

direct benefit to trade has not yet been materially noticed.

Georgetown is the capital and commercial centre, with New Amsterdam (Berbice) next in importance. Besides these, there are no towns of any size in the territory, and trade proceeds chiefly through small stores in the villages. Georgetown has some quite good modern shops, besides the offices and warehouses of all the merchant firms and commission agents. The larger trading organisations also run their own retail establishments, supplying the public in town and the general stores there and up-country. The commission agents are of very miscellaneous nationality, including British, Portuguese, Chinese and persons of mixed blood, while among shopkeepers, Chinese and Portuguese are probably in the majority. The orders they place are individually small, often too small for bills to be drawn by the shipper, and in such cases, the agent collects them on his own responsibility, paying by drafts on himself. The terms current among the larger houses are sixty to ninety days' sight draft, and most of them have buying agents, or even their own offices in London, where the finance of export and import operations they usually deal in side by side is arranged.

Both in the wholesale and retail trade, a great deal of credit is given in British Guiana, three months not being at all uncommon, but owing to the large aggregate of overdue accounts, the tendency is to restrict facilities.

The language used in commercial circles is entirely English. Brands do not, as yet, play an important part in the choice made by the native population, the majority of whom consider nothing but the price of an article.

Finding that the volume of their business in British Guiana was on the decrease, many overseas manufacturers have, of recent years, got into touch with local agents, although they were previously doing business

direct with wholesale distributing houses. As a result, these agents have got hold of a much larger share of the trade, involving the disadvantage that they are apt to quote the same prices to all buyers, whether large or small. The latter are far more numerous, being merely up-country trading stores, who normally buy from Georgetown or New Amsterdam distributors.

CANADA

Canada has abundance of practically every raw material for establishing a successful manufacturing industry except rubber and cotton. She has fine coal deposits, which can be cheaply supplemented by imports from the United States, and her lakes and rivers are large and constant sources of water power. Her navigable rivers and canals, together with a very fine railway system, give all the provinces easy communications with each other. The only factor missing to her industrialisation is a population to supply the labour and consume the goods. The practical proof of this is that Canada's Eastern provinces, where there are the greatest concentrations of people, have developed quite a number of modern industries in addition to the early processing of raw materials before export, such as saw mills and tanneries. There are even a number of textile factories at Montreal and Quebec, using home-produced wool and imported cotton.

In the main, however, Canada is an immense generating station of the treasures of the earth—the upward swing of her exports during recent years is due primarily to the rapid development of her mineral resources—and under this head she may be divided into five regions: British Columbia, the Prairie Provinces (Saskatchewan, Alberta and Manitoba), Ontario, Quebec, and the Maritime Provinces (Nova Scotia, New Brunswick and Prince Edward Island). Ontario may be divided into two parts, the north being important for its mining and forestry

(timber and paper) and the south for its factories and agriculture. Quebec employs the majority of its population on manufacturing and farming, but so far as area is concerned, it is mainly occupied with mining and the timber industry (pulp and paper). The Maritime Provinces principally come under the head of agriculture and lumbering, but there is some industrial development. British Columbia has benefited most from improvements in the timber trade, in a large measure attributable to exports, but this betterment has also done good to the Maritime Provinces, Ontario and Eastern Canada generally, who have all received their share of the increased trade with the rest of the Empire, as well as the United States. At Hamilton, Kingston and Montreal, there are extensive machinery works, some supplying the railways and others specialising in agricultural appliances, the export of which was mentioned in the Section on South America.

This brief survey of Canada's economic position would be incomplete without the observation that she has a common frontier with the United States extending over more than three thousand miles, and that the commercial relations of the two countries are so closely linked that the heavy industries on the Great Lakes work on United States coal, it being cheaper than to transport the output of Cape Breton Island in the Maritime Provinces. It is not surprising therefore that nearly two-thirds of Canada's imports originate from that quarter, whereas Great Britain has one-fifth.

British manufacturers have benefited by Canada's reduction of her import duties on a large number of articles a few years ago, and on a great many more when the Ottawa Conference agreement was renewed more recently. It may be asked why Canada needs such a large

measure of tariff protection, while there is so little industrialisation in the country, by contrast with the United Kingdom which, though in direct competition with other manufacturing nations, has only nominal import duties on the majority of goods. The general explanation is that tariffs are the chief source of revenue in Canada, while the very fact that her industries are small necessitates their protection till they shall have established themselves and found markets for a full production programme.

The development of Canada's many local industries dates back to the early years of the century and had reached its greatest momentum at the start of the world slump in 1929. Since then, there was a natural slowing up until the outbreak of the second European War in 1939, which has set Canada on the road to intensive factory building.

The overseas manufacturer and exporter should take note of Canada's requirements, which differ in numerous ways from those of other countries. The most practical way of keeping oneself informed of these needs is to establish at least one branch office in the country. For a start, an office in Toronto or Montreal is sufficient to cover the Canadian market, since the greater part of the population is concentrated around those two cities. If their own representative can adapt himself to Canadian conditions, he will make good, but no one can succeed there if he tries to impose his own ideas on the market, any more than a Canadian could do the same thing in any other country. Later, when expansion is desirable, the overseas house would establish itself, not only in both the above cities, but in Vancouver and Winnipeg also.

Under the forcing-house conditions produced by the

influence of the United States, Canada has long ago reached the stage of specialisation, and it is possible to find there an agent specialising in every imaginable branch of trade. The time has long passed when merchants in Canada's principal cities used to deal in an endless miscellany of goods, and it is only in country districts that the dealer or rustic storekeeper handles all imaginable articles. Recent years have witnessed a remarkable advance in retail distribution by the foundation and enlargement of departmental stores and chain stores.

The channels of trade have similarly been elaborated: the importer or manufacturer sells to the wholesaler or jobber, established in all the large towns. He will also be found in the smaller cities, such as Halifax, St. John, Quebec City, in the east, and proceeding towards the Pacific, in Regina, Calgary and Edmonton, the last-named serving the far north. A firm with its main distributing centre at Montreal or Toronto will cover the jobbers by means of travellers from that centre, and not by overseas representatives. Visits of the latter will be made only for periodical supervision or reconnaissance.

The terms of payment vary according to the article, ranging from cash against documents to anything up to eighteen months, with thirty or sixty days' credit customary in most trades. The standard of morality is almost unexceptionably high, and information as to trustworthiness can be reliably obtained either through one's bank or through the usual inquiry bureaux in Canada. It is advisable, generally speaking, to maintain stocks in Montreal or Toronto, so as to have the goods immediately available for delivery as the travellers bring in the orders.

Advertising has been developed up to the highest pitch

attained anywhere in the world, and Canada is subjected to a flood of United States publicity over the radio and through magazines which are very popular. There are a good number of first-class publicity agencies, in a position to cover the whole territory, so that the organisation of campaigns presents no difficulty. It must be remembered, however, that, in order to sell in Canada, one must advertise.

English is spoken throughout the country. In Quebec it is desirable, but not essential, for goods to be labelled in French, as well as in English, and directions or instructions should be in both languages. Canada has attained a preference for branded goods, comparing with that in the United States and therefore greater than anywhere else. The Canadian is a ready spender, when he has money, and providing there is no great difference in prices, brand is the deciding factor with townsmen and countryfolk alike.

The instalment plan of payments has undergone vicissitudes governed by the economic situation: after making higher-priced goods attainable by people with lower incomes in times of prosperity, it was resorted to more and more widely by those who found their purchasing power dwindle under the influence of the world crisis. This was at first welcomed by traders, who thought it would tide them over what was going to be a merely temporary drying-up of exports; but as the lists of possession orders became increasingly long, confidence was undermined and has taken a long time to be restored. Nevertheless, hire-purchase is again very popular for goods to the value of \$100 or over, and the general tendency is for credit restrictions to be relaxed.

Two very important elements to be studied when

selling in Canada are the farmers and the female population. As everywhere, the farmers are slow and conservative in their purchases and like articles which promise reliability and long wear. They are suspicious of flowery language and excessive claims, and advertising to them should be simple and to the point. The women—particularly those belonging to the working class—seem to have been bitten by the modern virus of smartness and insist on having everything in the best style and up to date that they can afford.

Although the tremendous population of the United States enables mass production to cut prices for exports to Canada, "Made in Great Britain" carries great weight with the buyers of Canadian departmental stores. A great number of these have been built up by organisations such as the Hudson Bay Company, T. Eaton Company and Robert Simpson, whose volume of business is so great that they can maintain buying offices in London, New York, and other world centres. While a great proportion of goods sold in these stores are of Canadian manufacture, exports from outside America are considerable. Owing to the limited market inside the country, fewer articles can be developed to the large-scale manufacture stage, and selection is necessarily restricted.

It is the view of a leading executive in Canada's largest departmental store that a new business cannot be established on a sound footing in the country without a personal visit from a high executive in the intending supplier's firm, well versed in design and manufacture. If a mere salesman is sent, he will be unable to give his principals a clear idea of what Canada requires, what the competition is, and how rival producer's styles can be equalled and surpassed. Such a trip would take six

weeks plus the journey, and in this time it would be possible to note the varied climatic conditions affecting the type and style of goods suitable for the provinces from east to west.

The three important points to keep in mind when approaching buyers of departmental stores are quality, exclusiveness and delivery. Such stores have heavy overhead expenses to meet and therefore prefer to deal in lines at the top end of the scale, unless some very finely cut mass-production or clearing line offers an assured turnover to compensate for the small profit. Thus, quality and style are definite selling points worthy of close study during one's preparing to enter this market. As regards exclusiveness, a supplier's representative will not long remain *persona grata* with a departmental store's buyer if his principals sell goods of exactly the same quality and design to other types of distributors. The most powerful weapon which departmental stores have against chain store competition is the quality and "difference" of their wares, and anyone "queering their pitch" in this respect cannot hope to retain their favour. Finally, Canadian departmental stores are sufficiently aware of their magnitude to feel themselves entitled to receive special preference regarding the prompt despatch of their orders. There can be no feebler excuse than that the exporter's factory is fully occupied with the home demand, and the informant quoted above is positive that the prompt availability of articles offered by sample would lead to anything up to a 50% increase in business.

This impatience, as some suppliers might call it, on the part of departmental store buyers is paralleled by their own treatment of their stocks. While the running methods of these Canadian stores follow standard

practice all over the world, they endeavour to clear or write off goods on hand at the end of every three-monthly period, when there is usually a change of season or some new fashions are introduced. Clearance sales are more frequent, and another reason for this is that, owing to the small population, business has to be sought more intensively than in regions where customers are more numerous. The style of their wide and scientific publicity is modelled on that of the U.S.A.

HAITI

The negro republic of Haiti occupies one-third of the island bearing the same name and formerly known as Hispaniola, the other two-thirds belonging to the mulatto republic of San Domingo. Both parts produce cocoa, coffee and sugar-cane, but Haiti is much better developed and adds cotton to the above material for export. The only industries are concerned with processing these agricultural products, and all manufactured goods are imported. From the fact that for many years Haiti has enjoyed the doubtful advantage of a credit balance in trade exchanges, it appears however that the inhabitants do not know what to do with their purchasing power, not having developed a taste for the full amenities of modern civilisation.

Being only four days steaming away, the United States naturally provide the greatest part of such imports as there are, but Britain and the European continent also have quite a good share. Competition has been intensified by the hold that Germany established in the past through Government subsidies to her exporting manufacturers and by means of barter agreements for acquiring the island's output of sugar and other commodities. Still, the American exporter continues to hold his dominant position, covering the market by frequent visits of travellers and encouraging his agents by liberal allowances for advertising. He realises the modest requirements of the Haitians and supplies, not only high-class

merchandise, but primarily cheaper grades of all lines.

Port-au-Prince is the Haitian capital and the centre of trade. There are two other ports of lesser importance, each having only one-third as many inhabitants—Cap-Haitien and Aux Cayes. At Port-au-Prince, there are several merchant houses with buying offices in New York, London, Paris and almost every other great manufacturing centre in the world, and these are in receipt of orders from many wholesale distributors, as well as most of the retail stores in the island. Some firms have to pay cash, others are granted between thirty and ninety days' credit, sixty days being the commonest terms. Some well-financed traders make a practice of paying immediately for their purchases in order to benefit by the discount allowed—quite an important consideration in this market. There are very few American merchants in Haiti, and still less English, most of the commercial element being Syrians, Italians and Germans.

The consumer element is divisible into two classes—the rich and the poor, of whom the latter are in the great majority. Both, however, are westernised in their ways, and in the wealthy this finds expression in flashy tastes for luxury and an insistence on the very best quality of everything, more noticeable here than in most other regions.

The best way of starting business with Haiti, as well as increasing any turnover one may already have built up, is not to depend on occasional orders that may be sent by one or more of the local merchant houses, but to appoint one's own agent there. Thus, instead of a dealer, passing on chance inquiries from his customers, there will be a representative identifying his interests with those of his principal and not only selling the goods in question exclusively and forwarding all relevant information.

Other vital recommendations mostly affect the choice of goods offered in the Haitian market: the task of one's agent should be made easier by weeding out of sample collections lines unsuitable for the market; as already stated, Haiti's dual demand is for the very high qualities and the cheapest goods. Samples should be supplied to the agent free of charge; owing to American practice, samples by themselves are not enough to sell the goods, for the dealer wants to see what he is going to buy. As the result of over a hundred years of French occupation, French is the best language for correspondence—though San Domingo speaks a sort of Portuguese—but English may also be used, as nearly all those engaged in commerce speak at least a little English.

Of the three media used in publicity—newspapers, cinema and radio—it is the view of a leading Haitian merchant that the most important is the radio. Brand plays a most important part in selling certain kinds of articles, hence wise advertising is necessary, especially when a new firm or article is introduced to this market.

When dealing direct with overseas suppliers, merchants in Haiti are accustomed to receive credit by sixty days' sight drafts. These can be discounted through the National City Bank of New York or the Royal Bank of Canada.

PORTO RICO

Except for coffee and cocoa, this possession of the United States produces the same group of exportable commodities as Haiti, cotton growing having been introduced from the colonising country. It is the eastern-most of the Greater Antilles, has a population of rather more than two millions, which has doubled in fifty years and includes a large Chinese element. The absence of tariff barriers makes it natural that U.S.A. manufacturers should supply the greater part of the imports, but other countries obtain a fair share of trade, particularly in wines and spirits, supplied by Britain and European sources. These and other shipments are likely to increase as merchants and processing industries enjoy greater prosperity.

Whilst Porto Rico is becoming more and more Americanised, many wholesale and retail houses are still Portuguese or Spanish firms or their successors. The shops are very much like those in the United States, and the system of marketing and display closely follows the American model, though in a much more leisurely manner.

The only practical method of exporting to Porto Rico is to appoint an agent among the wholesale merchants at San Juan, which is the centre of the island's trade, English and Spanish being spoken by most of their salesmen. The people are similar to the inhabitants of Latin-American countries, and one's treatment of this market may substantially be modelled on the same lines.

Merchants prefer to correspond in Spanish, and while it is possible to get on in English, there is a definite advantage in sending out a representative who can make himself understood in both languages. Since Porto Rico can be made part of a trip to South America, one need not fear that such an asset will be wasted on a small market like Porto Rico.

It is essential to brand one's goods wherever possible and to make them known by judicious advertising. The planning of this should be left to the discretion of one's agent on the spot, who can best decide what will appeal to the local mentality.

TRINIDAD

The peculiarity attaching to conditions of life in this British Crown Colony is the system of importing Indian coolie labour on a five-year indenture plan, thus forming a floating population nearly equal in numbers to the native negroes. Sugar and cocoa are the main products of agriculture, but at least equal in importance to these is the asphalt lake providing the material for road surfaces almost ready to apply. Europeans are few, and since both coolie and negro have limited purchasing power, price is the main consideration in almost all the goods sold in the island. Being highly westernised, the negro is only too anxious to buy all the latest luxuries within the limits of his purse, as is evident by the rather incongruous appearance of his womenfolk in their bright dresses of modern cut.

Most of the merchant firms which import in Trinidad are British, but they handle goods of any origin that may be demanded by the market. The principal suppliers are Britain, the U.S.A., Germany and Japan, the imports of the last being handled chiefly by the smaller dealers. Trinidad has passed through the hands of Spain, Portugal and France into those of England, but the resulting mixture of breeds does not prevent the population, whether permanent or transitory, from having fairly uniform tastes, though the Hindus adhere to their native costume and never become so westernised.

Trinidad merchants import direct from overseas

trading centres, the bulk of the business being done on an indent basis, while consignments are quite exceptional. There is a fairly big Chinese population, and the provision trade is mostly in their hands. Many of the greater importing houses also run retail stores, besides selling to natives or Chinese shops in the smaller towns and villages. These large-scale distributors are established in Port-of-Spain and San Fernando, the two principal towns in Trinidad. The oil companies import their own requirements in machinery and more expensive equipment and maintain stores where food and household needs are purchased by their employees. The European women, however, do most of their shopping at Port-of-Spain, the capital and social and commercial centre.

Retail credit is extensive and certainly excessive: a negro, for example, will go into a store and make a purchase to the value of a sovereign, paying one-quarter of the amount down and the balance in instalments. Chinese dealers are given very liberal credit terms, but payment is made in the long run, unless there is a bankruptcy in the meantime.

Trinidad's commission business has been built up on the export of her rice and sugar, commodities which are apt to fluctuate in price and necessitate representation on the spot. Agents are not so essential for the sale of goods for which specifications and technical data have to be submitted and approved, so that transactions can proceed equally well between the overseas manufacturer and the shipper abroad, payment or acceptance taking place there. When business is done through Trinidad commission agents, they are granted credit by bills, usually drawn at thirty to ninety days' sight. They deal with the British merchants in Trinidad, as well as the native

dealers, and while the latter have recently tended to buy direct, it is unusual for an agent to take the *del credere* risk. Thus, direct business is risky except for small orders in the cheaper grades of goods, since letters of credit are seldom forthcoming.

The West Indian native is illiterate and has little understanding of the true merits or demerits of what he buys, so that brand has acquired great importance in Trinidad, and advertising is also effective, but only up to a certain point. The native does not read the papers to any great extent, and while a certain number of posters are exhibited, goods mostly sell on the recommendation of the distributors. The white community, on the other hand, can be reached by newspaper publicity, and press advertising certainly helps to make goods known. Whether intended for Europeans, Chinese or coloured people, the letterpress is in English, for that is the language of the Island.

The only way for a manufacturer or exporter to adapt his goods to the Trinidad market is to obtain first-hand information by a personal visit on the part of a merchandising or factory expert. The island is so small that only a short stay is required to meet every potential buyer, and overseas business men are always made welcome. Once one has familiarised oneself with the special requirements of the tropical climate and the mixed population, it is best to sell through an accredited buying house in London or another great city, where almost all the important merchants of Trinidad are represented. Catalogues are useful and should in the first instance be submitted to the buying house for approval, as he can usually tell from experience whether there is an opening for the goods shown.

BARBADOS

Although ideally suited for every kind of agriculture, Barbados has chosen to stand and fall by the growing of sugar-cane and its further processing, and the prosperity of the island is therefore absolutely dependent on the price it can obtain for its principal product. There is also a small rum industry, but everything else by way of manufactured articles has to be imported. With well over one thousand inhabitants to the square mile, seven-eighths of whom are blacks, there is a wide market for mass-produced articles at the lower part of the price-quality scale, besides the requirements of the 25,000 whites.

Bridgetown is the only port, the centre of commercial and social activities; in fact, the only large city in Barbados. Here are found a sufficient number of merchants among whom to select an agent, most of them white, with a few coloured ones, but all equally straightforward and trustworthy. Such a representative will rarely confine himself to the products of a single overseas house, often acting for as many as twenty-five manufacturers whose lines do not conflict with each other. His customers will be the general merchant or retail store. Barbados is too small to support anything that would correspond to European or American departmental stores, and the nearest equivalent to be found there is a general store with a number of departments, each of which handles two or more sections which would be separated elsewhere.

Years ago, the island was dotted with small stores, until the introduction of omnibuses connecting ~~George~~^{Bridge} town with various districts enabled people to indulge their preference for shopping in town, and as a result, the country dealer is gradually being driven out of business. All the shopkeepers are native, and credit to them is quite general, the usual period being ninety days.

As already stated, every native customer wants the cheapest article that can be obtained, irrespective of quality, but it is a peculiar characteristic of this market that everything newly offered for sale becomes the fashion, often for no other reason than that of novelty.

Most importing firms pay for shipments through the usual banking channels, bills being drawn on them at sixty or ninety days' sight, with documents attached for delivery against payment or acceptance, but some make a practice of remitting payment by return of post on receipt of documents. Some, too, arrange payment through their shipping agents in London or New York.

BERMUDA

Lying 800 miles east of New York, the twenty square miles of the Bermudas Group enjoys a much more equable climate than the North American continent and is therefore used as a holiday resort and port of call by cruising liners from New York and the rest of the Eastern coast. Bermuda's other export industries include the growing of lily bulbs and early vegetables in a poor soil that has to be extensively fertilised, while abundant catches of fish provide food for the inhabitants and sport for tourists. There are about 20,000 inhabitants, a third of them white, and the import trade is almost entirely in the hands of London and New York merchants, supplying the retailers direct. The market in most articles is much too small to justify the existence of middlemen, who are very few, and retail distribution is principally undertaken, restrictions being in force to keep this business in local hands.

The result of this policy is to make Bermuda largely a quality market, since the bulk of the imports goes to the white population, the majority of whom have a high standard of living and are inclined to buy better-grade goods. The coloured folk are descendants of the slaves brought from Africa in the seventeenth and eighteenth centuries, and they buy much the same things as the whites, but in cheaper qualities. Bermuda is one of the few places where a coloured man is paid the same wage as the white for the same work, the coloured people

are thoroughly westernised in their ways of living and purchases, luxury or otherwise, though they are not as energetic or progressive. There is equality of rights, but socially the two divisions do not mix.

A material part of goods sold in Bermuda is accounted for by the purchases of tourists, and this is the explanation of the disproportionate imports of quality goods compared with the West Indies. While some of the American trippers conservatively ask for what they have been accustomed to at home, others are just as likely to be pleased with something different from their daily round, and this applies not only to curios but to articles of everyday use. Except in the most expensive goods, origin does not play an important part in selling or in the type of articles sold in Bermuda. Nor does brand figure largely in this market, least so among the coloured people, for they simply take the cheaper varieties offered in the stores.

This does not, however, apply to the quality market, where not only brand but advertising also plays a part disproportionate to the numbers of the actual inhabitants of Bermuda. There is every chance that publicity directed at the great number of visitors, who come to enjoy the pleasant winter, will take effect in the much wider circle of their home environment. Thus, there is every inducement to treat the Bermuda field as the object of scientific campaigns, planned from London or New York. There are two newspapers in Hamilton, the capital and centre of trade, carrying advertisements from retail shops, as well as British and American manufacturers.

The size of Bermuda hardly makes it remunerative to send speciality salesmen there, unless it lies on their journeys elsewhere, as business can be done just as well and less expensively through merchant shippers. When

a new article is being introduced, samples are essential, being more important than catalogues; these, like all other communications, should be in English.

Most of the import trade is done on a credit basis: the shipper in London or New York gives sixty or ninety days' open credit, or discounts his bills, with the same tenor, through a bank. Fairly extended terms are granted to local retail distributors, the minimum being three months, and this applies, with modifications, to the final purchaser resident there, tourist trade being on a cash basis. The people in Bermuda are very straightforward, and the standard of commercial morality is high.

Relative to the area of the island, the number of hotels in Bermuda is very great, and the volume of supplies required by them during the season is so large that some of the bigger establishments actually import direct, while others buy from local agents in Hamilton, their demand being naturally for quality goods.

Both sterling and United States currency are accepted in Bermuda, the former officially recognised, while the latter has its rate of exchange fixed every morning and exhibited in the shops.

UNITED STATES

The United States of America supply the rest of the world with large quantities of tobacco, cotton, wheat and meat, automobiles and trucks, tools, agricultural and other machinery, as well as the largest proportion of all the petroleum products consumed. What is it that her customers can supply to a country so rich in the treasures of the earth, so far developed in industrial processes? Well, the fact of the matter is that, ever since the 1914-18 war, the Federal Government has yielded to the demands of U.S.A. industry by building up an immense system of tariffs in order to prevent foreign imports from competing with internal manufactures. These restrictions naturally do not extend to the raw materials not to be found in North American territory, and thus the bulk of U.S.A. imports consists, apart from such "invisible" items as tourist traffic and the remittances of immigrants to relatives in older lands, of rubber and tin, a quantity of woollen goods, nickel from her neighbour, Canada, and gold from wherever it is refined or owned. In the technical department, there is the normal exchange of new inventions and specialities that proceeds, but most manufacturers and patentees find it most practical to reap the fruits of their ingenuity by granting licences and collecting royalties from the production of such articles in the United States, rather than try to get past the Customs with the ready-made goods themselves.

This explanation should make it clear why the market for imported manufactures in the United States is restricted to the cream of quality and novelty in all branches of trade, the aggregate being very small for the size of the country and the number of its two hundred odd million inhabitants. In view of the high spending power of its citizens, however, the number of people able to afford luxuries is much higher than elsewhere, and anyone who has succeeded in creating a demand for his wares in the United States will be richly rewarded. So, while many pages could be filled with the detailed methods by which fashions houses, Savile Row tailors and whisky blenders market their goods, it will be more informative to a great cross-section of manufacturers and importers in all countries to describe the operations of the largest single distributive trade in the United States—the mail-order business. A review of this will touch upon every phase of American commercial life, of interest to overseas firms—financial terms on imports, hire-purchase, advertising, brands, qualities, sampling, departmental stores, levels of prices and qualities, catalogues and national preferences, so that it is likely to prove much more useful than information about a few selected branches of trade, such as could be given in the limited space allotted here to the United States.

As proof of the importance attributed above to the mail-order business, which may appear exaggerated to those knowing only the conditions in other countries, we may quote the turnover of a leading firm in this trade, Sears, Roebuck & Co., which commonly exceeds \$500,000,000 per year. Half of these sales are made in this concern's 500 departmental stores, the other half is ordered by mail. True, only about one per cent. of the goods distributed by this firm are imported, but it is

only one of a long list of similar enterprises, such as Montgomery Ward, and many others.

The articles offered in mail-order catalogues and advertisements have to compete with similar lines priced by the local stores. Thus, in attempting to break into this market, it is well to bear in mind that price is the main consideration. On the other hand, when catering for the high-class departmental store in the United States, one can sell almost anything so long as it carries the English name and comes up to the high standard for which Britain is reputed. Even in mail-order business, British goods are at an advantage, if their price allows them to appear in the catalogue at all. With equality of prices, American mail-order houses are naturally not inclined to import foreign merchandise, but when British goods are bought, the origin is stressed as a positive selling point.

Mail-order houses in the United States usually feature their own brands, and only in a few cases, where advertising has created an international reputation, is the foreign brand given prominence. However, the brand will always be mentioned when it serves as evidence that something is being offered below the market price.

Orders may sometimes be obtained from mail-order distributors by sending out samples, but the best policy to adopt is to send out representatives on a tour of the United States in order to ensure consideration of one's offers by means of personal contact. Such a visit may, however, be wasted unless the agent is in a position to discuss the articles in question as one expert with another, assess the feasibility and cost of alterations and adjust the price according to the magnitude of the order. Before the beginning of such a tour, calls should be paid on the buying offices of American mail-order firms in

one's local centre, to ascertain their requirements and obtain a few letters of introduction.

Exporters and manufacturers often complain that endless sample collections are sent to the United States without producing a return, but there is a counter-allegation from the other side that not enough trouble is taken in preparing such samples, some even being submitted without a name on them. Every sample should be labelled firmly, identifying the sender, country of origin, price in foreign currency and quality number. Invoices, even if pro-forma, must state the full description of the merchandise, the individual or case-lot weights and measurements.

Payment is arranged by mail-order houses of any importance by means of a revolving letter of credit opened in favour of their overseas buying office, where cheques are issued within seven days from receipt of supplier's invoice. The policy is to get as many manufacturers to deliver their goods for shipment by the same steamer for the same purchaser, and these are then consolidated in one consular invoice, money being thus saved in official charges.

The huge turnover of the mail-order business in the United States and the infinite variety of goods handled make it possible to form a very fair estimate of the cost of living and tastes of the people through the perusal of one or two catalogues. Sears, Roebuck & Co. alone send out $7\frac{1}{2}$ million copies of their lists twice a year, and for an article to be listed in one of these publications is a promise that the initial order preceding this promotion will be increased tenfold or more. Every line, however, is first tried out in one or two of their departmental stores, and if it sells well, it is offered to their wider public by illustration and letterpress of the highest quality.

Among the principal openings for imports into the United States, textiles deserve to be given special mention. Linen table and bed coverings are in good demand, but there is also a sale for damask, towelling, woollen blankets, cotton curtains, *point d'esprit* nets, as well as lace of all kinds, silk veilings and other silk articles. There is a large home production of various cotton goods, but as an important buyer has stated, it is impossible, at times, to obtain sufficient supplies in due time.

The demand in blankets is for a fairly good quality, the most popular sizes in the U.S.A. being 72×84 inches (184×210 cm.) and 72×92 inches (184×230 cm.). In damask, the better qualities are favoured.

Section E: AUSTRALASIA

AUSTRALIA

IF the attempt were ever made to transport a few million inhabitants of the Mother Country to the large empty spaces of this sparsely settled continent, they would not only find ample natural produce to feed them, but bringing their own factory and mining equipment with them, they could easily convert Australia into one of the wealthiest industrial regions in the world. Coal and iron are already extensively mined in New South Wales, and the latter is capable of great expansion, while tin and copper are in plentiful supply. Wool and hides could each form the basis of great industries, and Queensland cotton is already being spun and woven on a small scale that can serve as a basis for development. The premises for such a future cannot be fulfilled so long as Australia lacks the population from which to draw both labour and consumers, and meanwhile she remains a predominantly agricultural producer and exporter, with a permanent buying disadvantage towards the outer world in the shape of the heavy discount weighing down her currency as against the £ sterling. It will be argued that this handicap is compensated by the high duties that merchandise imported into Australia has to pay, but since this charge is borne in the last resort by the purchaser, it is in effect a further restriction on buying power. So great and valuable, however, is the treasure that Australia has to offer to the world that,

even after paying the interest and sinking fund on the loans floated on her behalf in London, she is able to keep her people in a high standard of comfort with all the luxuries of a mechanical civilisation without herself being greatly affected by its detriments.

In order to understand Australia's distributive machinery, one must know something of its history. In the very early days of settlement, British firms established branches in Sydney, Melbourne, Brisbane, Adelaide, Hobart and Perth, and their head offices would send out what they thought the colonists wanted or ought to want. They did not recognise that there could be any difference in taste from the home country. These large firms began as retailers, but as townships were founded at a distance from the cities, stores sprang up everywhere, established by ex-employees of English firms or other private individuals, leading to the initiation of an indenting system. In those days, the country store served a much wider area than now: for example, a store at Tamney, 400 miles north-west of Sydney, which was opened seventy-five years ago, was visited by customers from as far as the coast, in a radius of over 200 miles around, there being no nearer store. On these trips, they would bring in their produce and often buy a year's supplies at one time, so that the country store had a very large turnover, though only retailing. The merchandise was indented from Britain, landed after six months' transport by sailing ship, and after travelling to the terminus of the local railway, completed its journey in bullock-waggons. Collections from store-keepers were by sight-draft, and retail customers mostly paid cash.

The next development was the investment of English capital in wholesale distributing houses in Sydney and

Melbourne, with the object of supplying the increasing number of city and country stores. Travellers went round on horseback or in buggies, driven by local drivers, in rough costume when in the wilds, formally dressed in the city, complete with top-hat. Their duties did not as yet involve anything that might be called salesmanship; it was merely a matter of showing samples and booking orders. Prompt payment was expected and usually made, though country dealers were beginning to ask for credit between one visit from a traveller and his next. Then came the departmental stores in the above and other cities, and with their growth they began to indent direct or even import from overseas manufacturers, by-passing the local agents, and thus weakened the position of the wholesalers.

By the beginning of the 1914-18 war, competition had forced salesmen to become really efficient in their profession, and their means of travel had also become modernised. Credit had become fairly widespread throughout Australia, adding to the distributive functions of the country storekeeper that of banker: he allowed his agricultural customers to run up accounts till they could realise on their harvest or livestock, and charged them interest for the accommodation. The development of local factories weakened the position of indenting houses, for some Australian manufacturers in the eastern states were sending out speciality salesmen to push the narrow ranges produced by them. Not that the methods used came up to the high-pressure tactics of the United States—that style of drive and persistence is unpopular in Australia—but intelligence and expert knowledge of both customer and goods became essential, and much more energy was required than for mere order-booking.

The present sources of supplies from overseas are a combination of new and old: side by side with the old indenting houses, London can show quite a number of buying agencies each of which fills the requirements of several retail or wholesale Australian distributors, while a good few departmental stores, such as Myers of Melbourne, Snow's and Anthony Hordern & Sons Ltd., have their own offices in London and the United States. All these intermediaries receive annual visits from the buyers in all departments to inspect novelties and plan current policy, and on these tours, trips are usually paid to other manufacturing centres. Regardless of such outposts, overseas manufacturers have pushed their own representatives on to Australian soil: in the soft goods trade, many suppliers have their own branches there, selling to factors and relying on sub-agents appointed in each major city, who carry no stocks and pass on indents. Machinery and other heavy goods are sold on similar lines, but the agent, who is usually his own traveller, mostly deals with the user direct. In hardware and kindred lines, agency business is mixed, sales being made to factors and the larger retail stores. The agents are usually men who have worked their way up in wholesale and merchant firms as travellers before starting on their own; they generally concentrate on a small number of agencies and are effective media for selling goods in the various states of the Australian Commonwealth.

In the great cities, very little business is now done by factoring houses, since manufactured goods both from abroad and local sources are usually bought by a retailer of any importance from representatives of the importer or manufacturer direct. Even country storekeepers have of late years, formed groups to support metropolitan buying offices of their own, enabling them to obtain the

same prices as their city competitors who had made great headway by means of mail-order catalogues. One or two of these groups even have their own offices in London and New York.

In these days of keen competition, retailers complain that there are too many travellers, each carrying a number of lines which often overlap several times daily through the great range of speciality or branded goods. This tends to mar the good personal relations between salesman and buyer, whose intercourse has hitherto been more friendly and informal than perhaps anywhere else in the world. Though the city buyer may not relax as much as the country storekeeper, the overseas representative coming out to Australia will find it good policy to go round with the local agent who is known everywhere.

High-pressure salesmanship is not taken seriously, and the man who visits Australia with the mission of teaching buyers their business is also unlikely to fill his order-book, as superiority and "side" are equally resented. Sometimes, however, one gets among European travellers one or two full of earnest efficiency and a precise politeness to which the average Australian business man is unaccustomed. This class of missionary is well received, and generally the Australian buyer comes to expect something exceptionally good from Continental travellers or principals.

Among retailers, thirty days' credit is the usual limit, and as a rule the salesman is made responsible for collecting the account. He is therefore particularly well trained by experience in assessing the trustworthiness and financial standing of his clientèle—that is to say, if he knows his job. Hire purchase has penetrated as much as anywhere else dealings in such articles as automobiles, trucks, furniture, radio and many other lines, but the

world slump brought emergency legislation in the form of the Moratorium Act, which hit this expedient rather severely and popularised the promissory note system. Cash-orders companies have also been very much to the fore, receiving deposits from the public and issuing against these a voucher on any of a large number of stores. Owing to the heavy discount demanded by these undertakings, the stores have however been forced to discourage this business, but some of them have started their own cash-order organisations.

As will be gathered from the foregoing, manufacturers and importers had, until recently, dealt to a large extent with the retail distributors direct, but as the latter began to find their cash resources inadequate for these operations, there was a return to the factors, whose financial control of the stores has gradually been re-established. Another cause operating in the same direction is the excessive cost of such direct trading to the prime supplier, while the country storekeeper, with his heavy outstandings from the farming community, has also been glad to avail himself of the wholesaler's credit backing.

Complaints regarding inferior quality or other claims in connection with the merchandise supplied are comparatively rare, and if they arise, they are settled without much argument, both sides placing the maintenance of mutual goodwill above every other consideration.

Although chain stores only began their development in Australia less than twenty-five years ago, mainly in Melbourne and Sydney, as well as Brisbane, their rise has been phenomenal, and they are now established in practically every town of importance. Woolworths Ltd.—unconnected with the American concern—have about sixty stores in Australia and New Zealand, of which about forty are in the former, while Coles, their chief rival, have

about the same number. Chain stores are to-day among the largest employers of labour in the Australian retail trade, and conditions of work in the Woolworth chain are even better than those fixed by the Shop Award.

The sterling exchange, import duties and shipping charges would hardly permit Australian chain stores to limit their sales of imported goods to sixpenny lines, while the high standard of wages likewise raises the cost of home-produced articles above the levels ruling elsewhere. Since, therefore, a sixpenny line in Australian chain stores would be priced at two to three pence in London and five cents in New York, the general practice is to adopt a maximum price of five shillings, as in the Marks & Spencer type of store, but with a much more restricted range of merchandise. For certain goods, even this figure is exceeded, as for example electric fires and certain types of hosiery and gloves.

Australian chain stores are housed in buildings of the latest style, and the Woolworth store at Adelaide is probably not surpassed anywhere in the world for air-conditioning, spaciousness and lighting.

Quite a large proportion of chain-store merchandise is of home manufacture, the rest coming from Britain, the United States, Japan and the Continent. Buying departments are to be found in Sydney or Melbourne, but imports are mostly through agencies—in London for Britain and the Continent, in New York for American merchandise. As for Japanese goods, which have forced their way into the market by sheer cheapness, these are acquired through a merchant firm in Kobe or Yokohama, but a buyer from head office will spend a month or two in Japan every year, probably taking in China during his visit. As stated very positively by a buyer for one of the largest chains of Australian stores, these undertakings are

not at all keen on handling Japanese goods, being forced to do so by public regard for price, in spite of the impossibility of earning as large profits on them as on products of other lands. The enterprise of Japanese manufacturers also makes them very dangerous to other suppliers of the Australian market, since many new lines in the cheaper ranges are copied by them so quickly as to reach the chain store market almost before the originals. The severest Japanese competition is felt in enamelware, toys, glass, artificial silk and underwear.

In the chain store trade, more than elsewhere, buyers have had to pay an increasing attention to the suitable packing of goods, and Japan and the United States have been quick to meet their requirements by almost invariably adopting standard carton packing. Articles are offered in fixed units, having specified contents, weight and measurements, so that freight and duty can readily be calculated and distribution to branches becomes a simple routine. The obsolete method of having special cases built for miscellaneous consignments is more costly, and the weight increases the freight, while it prevents the supplier from ascertaining what quantity he can quote in case-lots. Electric lamps, glassware, in fact almost everything sold to Australian chain stores is in carton cases. Cellophane or glassine packeting is greatly favoured by this market nowadays, and in view of the unskilled class of saleswomen employed in chain stores everywhere, an attractive appearance is essential for articles sold without persuasion.

When offering goods to Australia, the harsher sunlight of the Antipodes must be remembered in the choice of colours; pastel shades are apt to look faded and insipid there, and bolder tints are necessary. This applies to all fabrics, as well as such trifles as carnival balloons.

Australian chain stores prefer to handle branded and well-advertised lines, so that customers may know what they are buying without experiment. Unlike similar institutions in other countries, Australian stores go in for a fair amount of publicity in order to keep their name before the inhabitants of outlying districts who come in periodically to lay in a stock of their requirements. In their advertisements, they adopt the practice of featuring special bargains so as to attract customers to their counters, confident that other purchases will soon cover any sacrifices made in the bait.

The largest chain stores in Australia owe much of their success to the policy of always trying to pass on to the public the benefit derived from large-scale buying. Thus, if a manufacturer offers them a reduction in order to clinch a bargain, they will usually ask him to put the extra value into improving the quality of the article or giving more of it. This is important in a country whose imports cost it so much more than elsewhere, so that quality for a given price is always on the low side.

The basis of Australian co-operative societies is almost exclusively the marketing of agricultural produce. Their next most important function is the purchase of farming tools and seeds, and it was only the third stage in their development that they began to cater on any considerable scale for their members' general purchases. At first, they contented themselves with passing on orders of individual customers, but now they keep large and varied stocks from which farmers cover the greater part of their needs. In all the large towns there are co-operative purchasing societies which carry out the orders of the local producers' co-operatives and quite frequently also carry stocks. The consumers' co-operative movement is much less well developed in the cities, but it also draws its requirements

from the same wholesale organisation. As regards imports, these are mostly centralised through the Overseas Farmers' Co-operative in London, which buys from similar bodies in the country where the goods are made, settlement being effected by book-entries in exchange for Australian produce bought by other bodies. This applies in a large measure even to goods bought from the U.S.A.

The settlers arriving in Australia in the nineteenth century brought with them the art of advertising as it existed in the home country at the time. One of the early forms consisted of a man armed with a bucket of whitewash and a brush inscribing on a thousand or so posts and rail fences along the roadways a legend such as "Jones's Pills cure kidney ills." Even in the days of the hand press, however, there were always advertisements in the news-sheets that passed from hand to hand until they were illegible. Most of it came from storekeepers, announcing, for example: "Mr. John Smith announces the arrival of a shipment of silk by the steamer *Adventure*." Once one merchant had initiated this practice, others felt compelled to follow suit, and as settlement developed, publicity grew with it. For a long time, however, it was remarkable more for its simplicity and straightforwardness than for any literary or copy-writing skill, since the composers were the merchants or their clerks. Display was not then appreciated, even by the newspaper staffs, and there was none of the psychological subtlety in the letterpress that is a commonplace essential to-day. As commerce became more complex, an employee in a merchant firm, who showed some aptitude for the work, was given the task of drafting all the advertisements, but the professional advertising agent did not appear on the scene until 1910-14. Nowadays, there are many such offices in Victoria and New South Wales, advising their

clients not only on publicity but on every side of selling. Western Australia has a bare half-dozen, all established in Perth, subsisting mostly on local work, as they cannot compete with their bigger rivals in the eastern states.

It is in Melbourne and Sydney that manufacturers and importers will place their advertising intended to reach all parts of Australia, and most of the technical periodicals are published here. What makes the average Australian such a great reader is chiefly his love of sport, but he is also highly interested in politics, State, Federal and Imperial, and the resultant close study of his newspapers makes them a good drawing medium. An outside observer of the Australian Press would be struck by the large size and volume of the papers and the great amount of space taken by departmental store publicity, particularly on Thursdays, Friday being the day when the stores are open late, in anticipation of early closing on Saturday.

All modern publicity devices are in full use in Australia, including neon signs, posters, box-kite streamers at race-meetings and other sporting events, as well as the distribution of samples, either free or at a reduced price, particularly at agricultural shows and other occasions when crowds assemble.

Melbourne has become an important manufacturing centre in Australia, and its manufacturers are keenly appreciative of the value of publicity. Their methods of placing appropriations for this purpose vary according to their status. When a new product is being placed on the market, the advice of a "service agent" (publicity expert) is sought as to the expenditure required for successful results. In the case of a well-established line, however, the advertising budget is based on a unit of sales. Market research is an instrument of recent adoption, but has rapidly become popular. Overseas manufacturers and

exporters usually ask their home publicity agents to get into touch with an Australian "service" colleague, but most important factories outside Australia have a Melbourne or Sydney firm to act for them as distributors, granting them a monopoly concession or sole agency, and according to the terms of this, the representative will arrange for the publicity locally either on his own account or for his principals.

NEW ZEALAND

The economic resources of these two large islands are even more powerful than those of the Australian continent, since the latter suffers from the handicap of extreme heat and widespread aridity. New Zealand has not only coal-mines but an enormous source of power in her rapidly flowing rivers; she lacks cotton, but phormium, a kind of flax, provides the basis of a textile industry. There are also petroleum wells, and home manufactures are encouraged by high protective duties, with Imperial preference favouring trade with Britain, and New Zealand is well on the way to becoming one of the creditor countries of the world. The Government policy of encouraging high wages, as well as the prevalence of smaller land holdings than in Australia, both tend to spread wealth among the majority of the population, and the demand for amenities of life from overseas, and since no subsidies are granted to uneconomic industries, this is a market likely to expand greatly for all goods that cannot be produced at world-prices within the country. When the optimum density of population is reached—which will take a good many years yet—there may be scope for a number of mass-production industries that would now lack consumers in the country, but till then New Zealand is content to import, mainly from Britain and Australia. The latter is an important competitor to the motherland because parity of exchange between the two neighbouring Dominions is equivalent to a 25% addition to British

prices. Apart from the question of price, intensified as it is by higher freights from Britain, Australia can deliver much more quickly—in one week against six times as much from Europe. Japan has established herself here in a few cheaper lines, but the United States produce so many goods for their home market which are also extremely acceptable in New Zealand, or at least more so than European manufactures, that their share of the market is a considerable one. American articles may be lighter and not so durable, but they serve the same purpose, and the American industrialist has shown himself willing to modify his products to Dominion specifications, instead of requiring the customer to take or leave what he offers.

The visitor to New Zealand soon feels himself very much at home, and the salesman is no exception to this rule. For the people are very friendly and not difficult to trade with, salesmanship is simple and straightforward, and the chances of doing business depends less on any special method of approach than on the prosperity of the country and the offers of one's competitors. Thus, with the purchasing power of the New Zealander steadily on the increase and with the improvement of communications by means of air-lines in all directions, manufacturers and exporters must devote serious attention to this market.

The general practice in selling overseas goods in New Zealand is to appoint local representatives. There is a wide choice of wholesale merchants ready to undertake the agency of any line, but owing to the great variety of goods they carry and the competition between them for the custom of individual retailers, preference has been given, of recent years, to the appointment of a special representative, selling to factors and some large retailers. The overseas firm may have representatives in the North

and South Island, if the traffic will stand it, but for smaller lines the whole Dominion can be covered by one man or firm.

Wholesale firms in Auckland and Wellington, Dunedin and Christchurch are represented in London either by their own buying office or by agents, while dealers in smaller towns usually draw their supplies through one of these centres, where manufacturers' agents also have their offices. Imports from countries other than Britain are usually bought by direct contact with overseas manufacturers or exporters.

Most of the business is done by demand or sight drafts, and open credits are not usually asked for. These terms work very satisfactorily, and in view of the conservative character of New Zealand merchants, the credit risk or danger from over-trading is probably less here than in most markets. Merchants sell to retailers through teams of salesmen, whose only business it is to obtain orders. The easy relations between buyer and traveller have hitherto obstructed efforts to introduce systematic salesmanship training, but recently the need for developing the art of selling, both retail and wholesale, is being increasingly recognised, although no one has any use for high-pressure methods. Perhaps the New Zealander has a natural aptitude for quiet and steady salesmanship. His experience has usually been gained by starting in a small position with a merchant firm and being sent on the road when he has got to know the goods. Most salesmen have automobiles with which to get about their territory. Merchants invariably sell on what are known as monthly terms, payment for goods sold up to the 20th of the one month being due by the 20th of the next, subject to a discount of $2\frac{1}{2}\%$.

Payment by instalments has spread considerably among

the public in New Zealand, when articles such as cars, gramophones, radio sets, pianos and bicycles are bought. From the manufacturer's and distributor's point of view, the system may be regarded as successful, but there was at one time a strong feeling against it in many parts of New Zealand on the count that people were being induced to buy articles which they really could not afford, thereby being left without the means to buy the necessities of life. If failure to maintain instalments led to the vendor exercising his rights of re-possession and then re-sold the goods as second-hand, this reacted unfavourably on the demand for new goods. Naturally, even good institutions can have evil effects if abused, and this feeling is likely to subside as experience is gained in the working of hire-purchase.

Mail-order business has been introduced in New Zealand, but has not become as widespread as in most other countries. This is partially attributable to the excellent railway system and relatively short distances between the shopping centres and country districts, as well as the large number of automobiles owned in the country.

Advertising is just as essential in New Zealand as elsewhere, particularly in proprietary lines. Most of the publicity is done in the newspapers, but street and railway hoardings are also used. Most advertisements are handled by agencies, and the cost is usually borne by the manufacturer. Among retailers, drapers, multiple store agencies and departmental stores are the chief advertisers, while the grocery trade is only just beginning to awake to the potentialities of publicity.

Chain stores began to develop in New Zealand in the late 'twenties, but have made rapid progress in the years that have elapsed. Their popularity is due to the better

value offered in the low-priced range of goods, as compared with retail drapers and other distributors of the same lines. There are two distinct types of these stores: one is represented by Woolworths, selling sixpenny or ten-penny lines, as in England or the U.S.A.; the example of the other kind is "Shillings," who sell haberdashery as low as two or three pence, but go up to four guineas for fashion goods. The latter may, by the time these lines appear, have realised their boast that they would have forty stores in New Zealand. The lay-out of these chain stores is very similar in New Zealand to those in the home country, but those with fashion departments are more on the lines of a departmental store. They have increased competition in the retail trade, but have met a demand for the speedy distribution of small articles.

While chain stores buy all they can of New Zealand manufacture, the greatest proportion of their merchandise is imported. Britain is the chief supplier, but considerable quantities of outer wear and hosiery come from Canada. Each chain has a central buying office in New Zealand, usually in Wellington, and another in London, whence goods are shipped to the four principal ports as required—the manufacturer having to make out four sets of invoices for one delivery—and distributed from there to the smaller towns. The only way to create or increase the demand for his goods by the chain stores is for a manufacturer to advertise in New Zealand papers or on the cinema screens.

Although New Zealand chain stores make a point of giving the best possible value for a fixed selling price, rates are not nearly so keen as in London or New York. The reason for this is that the New Zealand woman definitely demands quality, and does not mind paying a penny more so long as the value is there. In fashions,

she finds Vienna and Paris styles too extreme, preferring to model herself on London and New York.

Fashion departments in chain stores are elaborately fitted with rails and mirrors and include a fitting-room in charge of an expert. They differ from departmental stores by never giving credit, everything being paid for on delivery.

FIJI AND THE SOUTH PACIFIC

Among the thousands of islands dotting the South Pacific, divided according to the native population into Polynesia and Melanesia, several hundreds are controlled by the British Governor of Fiji and High Commissioner of the Western Pacific, while others are administered by the two adjacent Dominions. According to whether they are high and volcanic or low productions of the coral insect, they are rich producers of copra or sometimes so barren as to be uninhabited. Other crops which are exported are sugar, bananas, pearl-shell, phosphate and, in the case of Apia, cocoa beans. The needs of the approximately 300,000 natives are extremely simple, and they are only gradually being educated into healthy tastes that will make them consumers of manufactured goods.

The most important economic unit from the overseas exporter's point of view is the Fiji Islands group, with an area equal to that of Wales, populated by over 90,000 natives, about 80,000 Indians, 2,000 Chinese and 5,000 Europeans. The Chinese have an influence disproportionate to their numbers, since they control almost the whole purely retail trade. Import is in the hands of British merchants, established at Suva, the commercial centre and administrative capital, and invariably combining the purchase of produce for export with the running of wholesale-retail stores. The market is not large enough to permit of specialisation on factoring, though these traders

run or finance the ships which make the round of all the storekeepers on the smaller islands. The immigration of Indians and Chinese is a symptom of improving trade and has been followed by visits from European travellers, ready to sell to anyone who will buy and to accept orders however small. While the big stores handle anything from a candle to an automobile, the range of articles in the stores run by Asiatics is restricted and their orders mostly small.

The retail section of the European houses, sometimes as comprehensive as a departmental store, is generally kept apart from the wholesale and shipping trade, if only for accounting purposes. The salesman from overseas calls on one of the buyers, a European in charge of a number of departments. Most of the buying, however, is done from London direct with the manufacturer, whether the goods come from Britain, U.S.A., Japan or the Continent, an agent being in charge of the interests of one or more Fijian firms. Although Australia is much nearer, the home country can usually compete in price and offer better quality, thus obtaining the greater part of the business.

Payment for purchases from overseas is effected through the London agents, or by sixty to ninety days' draft on Suva, discounted by the banks. Firms exporting trocas shell, copra and other products of Fiji to the British market, often arrange to meet their liabilities for British goods from the proceeds of such shipments. By the Ottawa agreement, there is a mutual preference on Empire trade, as against foreign imports: in Fiji, this amounts to a remission of 15% on ordinary ad valorem import duties and 50% on specific duties.

Apart from goods intended exclusively for the European population, business is done chiefly on price. Indians are

very keen buyers and endeavour to obtain reductions by bargaining, a practice not current in European circles on either side of the counter. Fijians buy readily when their pockets are full. It is usually possible to buy more cheaply at Indian and Chinese stores, where cut prices prevail in order to capture business. Even British storekeepers make very little attempt to mould their customers' taste, but just provide articles that have sold before, so that imports tend to follow conservative lines. Except in such things as tobacco and cigarettes, appearance counts for more in the goods offered than brand or goodwill. There is little attempt made at attractive shop-windows, all the display being reserved for the inside. Most of the local salesmen are Europeans, but a few Indians are employed.

As an inheritance from the atmosphere of depression, that ruled throughout the world, firms in Fiji tend to buy in smaller quantities and let their stocks run down lower than is usual elsewhere. There is little reason for this over-cautious policy, for Fiji is one of the few areas where the slump had hardly any effect, with little unemployment. True, prices for produce have been on the low side, but the difference in exchange on London has been reduced to 10%. Retail prices for imported goods in most categories are high, and the profits made by stores and importers are perhaps greater than anywhere in the surrounding regions. Of recent years, cheap mass-produced goods have been trying to get a foothold in Fiji, but they are greatly handicapped by the preferential duties. Nevertheless, they offer strong competition in such lines as canvas shoes, china-ware and porcelain. This trade is carried on by European firms, there being no Japanese merchants in Fiji. The high value of the American dollar has hitherto prevented any large imports of merchandise from the United States.

The only two banks in Fiji are branches of the Bank of New South Wales and the Bank of New Zealand. In view of the large volume of trade with Britain, it seems rather a serious omission that one of the Big Five has so far not seen fit to establish a branch there.

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